

COMPAL ELECTRONICS, INC.**Parent Company Only Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023**

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Independent Auditor's Report

To COMPAL ELECTRONICS, INC.:

Opinion

We have audited the financial statements of COMPAL ELECTRONICS, INC. ("the Company"), which comprise the balance sheet as of December 31, 2024 and 2023, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended December 31, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Inventory valuation

Please refer to Note (4)(g) and Note (5) for the accounting policy of inventory valuation, as well as the estimation and assumption uncertainty of the valuation of inventory, respectively. Information of estimation of the valuation of inventory are disclosed in Note (6)(f) of the financial statements.

Description of key audit matters:

In order to facilitate the order production and meet the anticipated future demands, materials are procured in advance. However, changes in market demand or order reductions may lead to inventory obsolescence, increasing the risk of inventory devaluation. As such, the assessment of inventory obsolescence is considered a key matter in the audit of financial statements.

Our key audit procedures performed in respect of the above area included the following:

In order to verify the rationality of assessment of inventory valuation estimated by the Company, our key audit procedures included reviewing the consistency of prior year's accounting policy, inspecting the Company's inventory aging reports, analyzing the change of inventory aging, judgement of specific items, recalculate the estimated loss due to obsolescence and price decline according to Company policy.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuan-Ying Kuo and Szu-Chuan Chien.



KPMG

Taipei, Taiwan (Republic of China)
February 27, 2025

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

COMPAL ELECTRONICS, INC.

Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2024		December 31, 2023		Liabilities and Equity		December 31, 2024		December 31, 2023	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note (6)(a))	\$ 28,834,879	7.0	20,511,690	5.4	2100	Short-term borrowings (note (6)(k))	\$ 43,227,425	10.5	46,917,800	12.4
1170	Notes and accounts receivable, net (note (6)(d))	181,373,061	44.0	171,591,962	45.4	2130	Current contract liabilities (note (6)(r))	882,813	0.2	697,526	0.2
1180	Notes and accounts receivable due from related parties, net (notes (6)(d) and (7))	16,591,135	4.0	11,475,862	3.0	2170	Notes and accounts payable	84,585,742	20.5	80,947,046	21.4
1200	Other receivables, net (notes (6)(e) and (7))	4,473,175	1.1	3,951,773	1.1	2180	Notes and accounts payable to related parties (note (7))	88,340,934	21.4	82,364,436	21.8
1310	Inventories (note (6)(f))	37,800,333	9.2	51,043,492	13.5	2200	Other payables (note (7))	13,553,440	3.3	12,332,111	3.3
1470	Other current assets	1,436,639	0.3	1,278,640	0.3	2230	Current tax liabilities	3,310,414	0.8	3,781,754	1.0
		270,509,222	65.6	259,853,419	68.7	2280	Current lease liabilities (note (6)(m))	413,270	0.1	352,900	0.1
Non-current assets:						2300	Other current liabilities	3,721,399	0.9	1,375,360	0.4
1550	Investments accounted for using equity method (note (6)(g))	115,599,800	28.0	105,496,882	27.9	2365	Current refund liabilities	2,795,951	0.7	2,763,469	0.7
1510	Non-current financial assets at fair value through profit or loss (note (6)(b))	413,943	0.1	337,855	0.1	2322	Long-term borrowings, current portion (note (6)(l))	14,300,000	3.4	10,742,300	2.8
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	19,922,994	4.8	6,197,710	1.6			255,131,388	61.8	242,274,702	64.1
1600	Property, plant and equipment (note (6)(i))	2,216,550	0.5	2,234,288	0.6	Non-Current liabilities:					
1755	Right-of-use assets (note (6)(j))	1,022,124	0.2	1,033,301	0.3	2540	Long-term borrowings (note (6)(l))	9,025,000	2.2	12,525,000	3.3
1780	Intangible assets	628,556	0.2	349,922	0.1	2570	Deferred tax liabilities (note (6)(o))	3,834,784	0.9	1,785,947	0.5
1840	Deferred tax assets (note (6)(o))	1,875,198	0.5	2,568,652	0.7	2580	Non-current lease liabilities (note (6)(m))	620,504	0.2	688,466	0.2
1990	Other non-current assets	462,064	0.1	221,733	-	2640	Non-current net defined benefit liability (note (6)(n))	483,900	0.1	568,883	0.1
		142,141,229	34.4	118,440,343	31.3	2670	Non-current liabilities, others (note (6)(g))	1,090,165	0.3	828,769	0.2
								15,054,353	3.7	16,397,065	4.3
								270,185,741	65.5	258,671,767	68.4
						Total liabilities					
						Equity (note (6)(p)):					
						3110	Ordinary share	44,071,466	10.7	44,071,466	11.7
						3200	Capital surplus	3,472,941	0.8	4,270,915	1.0
						3300	Retained earnings	78,213,219	19.0	72,548,155	19.2
						3400	Other equity interest	17,588,331	4.2	(387,294)	(0.1)
						3500	Treasury shares	(881,247)	(0.2)	(881,247)	(0.2)
								142,464,710	34.5	119,621,995	31.6
Total assets		\$ 412,650,451	100.0	378,293,762	100.0	Total equity					
						Total liabilities and equity		\$ 412,650,451	100.0	378,293,762	100.0

COMPAL ELECTRONICS, INC.
Statements of Comprehensive Income
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2024		2023	
		Amount	%	Amount	%
4000	Net sales revenue (notes (6)(r) and (7))	\$ 840,187,238	100.0	874,914,215	100.0
5000	Cost of sales (notes (6)(f), (6)(n), (7) and (12))	<u>812,326,668</u>	<u>96.7</u>	<u>846,864,149</u>	<u>96.8</u>
	Gross profit	<u>27,860,570</u>	<u>3.3</u>	<u>28,050,066</u>	<u>3.2</u>
	Operating expenses: (notes (6)(n) and (12))				
6100	Selling expenses	3,071,197	0.4	4,668,460	0.5
6200	Administrative expenses	3,227,295	0.4	2,966,700	0.4
6300	Research and development expenses	<u>12,957,155</u>	<u>1.5</u>	<u>13,086,935</u>	<u>1.5</u>
		<u>19,255,647</u>	<u>2.3</u>	<u>20,722,095</u>	<u>2.4</u>
	Net operating income	<u>8,604,923</u>	<u>1.0</u>	<u>7,327,971</u>	<u>0.8</u>
	Non-operating income and expenses:				
7100	Interest income (note (6)(t))	977,857	0.1	1,001,520	0.1
7020	Other gains and losses, net (note (6)(t))	1,847,152	0.2	46,734	-
7050	Finance costs (note (6)(m))	(3,147,794)	(0.4)	(4,059,174)	(0.5)
7190	Other income (note (6)(t))	511,683	0.1	304,391	0.1
7370	Share of profit of associates and joint ventures accounted for using equity method (note (6)(g))	<u>2,756,057</u>	<u>0.4</u>	<u>4,088,258</u>	<u>0.5</u>
	Total non-operating income and expenses	<u>2,944,955</u>	<u>0.4</u>	<u>1,381,729</u>	<u>0.2</u>
7900	Profit from continuing operations before tax	11,549,878	1.4	8,709,700	1.0
7950	Less: Income tax expenses (note (6)(o))	<u>1,507,468</u>	<u>0.2</u>	<u>1,042,073</u>	<u>0.1</u>
	Profit	<u>10,042,410</u>	<u>1.2</u>	<u>7,667,627</u>	<u>0.9</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans(note (6)(n))	72,315	-	(12,857)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	13,697,825	1.6	828,717	0.1
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	784,730	0.1	463,228	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>2,460,678</u>	<u>0.3</u>	<u>119,156</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss (note (6)(o))	<u>12,094,192</u>	<u>1.4</u>	<u>1,159,932</u>	<u>0.1</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	5,341,707	0.6	(376,004)	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	612,866	0.1	107,239	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>5,954,573</u>	<u>0.7</u>	<u>(268,765)</u>	<u>-</u>
8300	Other comprehensive income	<u>18,048,765</u>	<u>2.1</u>	<u>891,167</u>	<u>0.1</u>
8500	Total comprehensive income	<u>\$ 28,091,175</u>	<u>3.3</u>	<u>8,558,794</u>	<u>1.0</u>
	Earnings per share (note (6)(q))				
9750	Basic earnings per share	<u>\$ 2.30</u>		<u>1.76</u>	
9850	Diluted earnings per share	<u>\$ 2.28</u>		<u>1.75</u>	

See accompanying notes to financial statements.

COMPAL ELECTRONICS, INC.
Statements of Changes in Equity
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Total other equity interest					
							Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Others	Total other equity interest	Treasury shares	Total equity	
Balance at January 1, 2023	\$ 44,071,466	5,078,580	22,576,846	8,206,750	39,185,463	69,969,059	(1,469,711)	(461,103)	(12,290)	(1,943,104)	(881,247)	116,294,754
Profit for the year ended December 31, 2023	-	-	-	-	7,667,627	7,667,627	-	-	-	-	-	7,667,627
Other comprehensive income	-	-	-	-	(2,238)	(2,238)	(277,619)	1,162,170	8,854	893,405	-	891,167
Total comprehensive income	-	-	-	-	7,665,389	7,665,389	(277,619)	1,162,170	8,854	893,405	-	8,558,794
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	736,855	-	(736,855)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(6,263,646)	6,263,646	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,407,147)	(4,407,147)	-	-	-	-	-	(4,407,147)
Cash dividends from capital surplus	-	(881,429)	-	-	-	-	-	-	-	-	-	(881,429)
Changes in ownership interests in subsidiaries	-	2,213	-	-	(16,652)	(16,652)	-	3,469	-	3,469	-	(10,970)
Changes in equity of associates and joint ventures accounted for using equity method	-	10,490	-	-	(16,991)	(16,991)	-	13,433	-	13,433	-	6,932
Adjustments of capital surplus for cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	60,021
Others	-	1,040	-	-	-	-	-	-	-	-	-	1,040
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(645,503)	(645,503)	-	645,503	-	645,503	-	-
Balance at December 31, 2023	44,071,466	4,270,915	23,313,701	1,943,104	47,291,350	72,548,155	(1,747,330)	1,363,472	(3,436)	(387,294)	(881,247)	119,621,995
Profit for the year ended December 31, 2024	-	-	-	-	10,042,410	10,042,410	-	-	-	-	-	10,042,410
Other comprehensive income	-	-	-	-	67,375	67,375	5,951,137	12,026,817	3,436	17,981,390	-	18,048,765
Total comprehensive income	-	-	-	-	10,109,785	10,109,785	5,951,137	12,026,817	3,436	17,981,390	-	28,091,175
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	698,624	-	(698,624)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(1,555,810)	1,555,810	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,407,147)	(4,407,147)	-	-	-	-	-	(4,407,147)
Cash dividends from capital surplus	-	(881,429)	-	-	-	-	-	-	-	-	-	(881,429)
Changes in ownership interests in subsidiaries	-	151	-	-	(7,088)	(7,088)	-	-	-	-	-	(6,937)
Changes in equity of associates and joint ventures accounted for using equity method	-	22,253	-	-	(36,251)	(36,251)	-	-	-	-	-	(13,998)
Adjustments of capital surplus for cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	60,021
Others	-	1,030	-	-	-	-	-	-	-	-	-	1,030
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	5,765	5,765	-	(5,765)	-	(5,765)	-	-
Balance at December 31, 2024	\$ 44,071,466	3,472,941	24,012,325	387,294	53,813,600	78,213,219	4,203,807	13,384,524	-	17,588,331	(881,247)	142,464,710

See accompanying notes to financial statements.

COMPAL ELECTRONICS, INC.
Statements of Cash Flows
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	<u>2024</u>	<u>2023</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 11,549,878	8,709,700
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	1,299,565	1,343,643
Expected credit loss	73,438	49,027
Net (profit) on financial assets or liabilities at fair value through profit or loss	(56,831)	(47,871)
Finance cost	3,147,794	4,059,174
Interest income	(977,857)	(1,001,520)
Dividend income	(312,467)	(90,278)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(2,756,057)	(4,088,258)
Others	(81,522)	340
Total adjustments to reconcile profit (loss)	336,063	224,257
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in notes and accounts receivable	(14,945,703)	(76,980)
Decrease in other receivables	85,958	255,955
Decrease in inventories	13,243,159	2,020,665
Increase in other current assets	(207,841)	(432,044)
Total changes in operating assets	(1,824,427)	1,767,596
Changes in operating liabilities:		
Increase in notes and accounts payable	9,615,194	9,129,059
Increase (decrease) in other payables	1,148,357	(600,839)
Increase in refund liabilities	32,482	751,240
Increase (decrease) in contract liabilities	185,287	(2,520)
Increase (decrease) in other current liabilities	2,346,039	(630,456)
Others	(12,668)	(10,915)
Total changes in operating liabilities	13,314,691	8,635,569
Total changes in operating assets and liabilities	11,490,264	10,403,165
Total adjustments	11,826,327	10,627,422
Cash inflow generated from operations	23,376,205	19,337,122
Interest received	1,010,722	945,368
Dividends received	1,148,538	832,126
Interest paid	(3,074,822)	(4,246,023)
Income taxes paid	(1,697,196)	(1,468,963)
Net cash flows from operating activities	20,763,447	15,399,630
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss and through other comprehensive income	(84,317)	(2,326,911)
Proceeds from disposal of financial assets at fair value through other comprehensive income	12,601	47,921
Acquisition of investments accounted for using equity method	(1,349,982)	(3,979,240)
Increase in prepayments for investments	(294,657)	-
Proceeds from capital reduction of investments	25,000	3,420
Acquisition of property, plant and equipment	(341,725)	(256,391)
Proceeds from disposal of property, plant and equipment	65,058	65,706
Increase in other receivables due from related parties	(432,745)	(101,447)
Acquisition of intangible assets	(788,577)	(337,007)
Others	104,168	168,895
Net cash flows used in investing activities	(3,085,176)	(6,715,054)
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(3,690,375)	(6,150,779)
Proceeds from long-term borrowings	38,589,280	44,267,025
Repayments of long-term borrowings	(38,531,580)	(51,524,725)
Payment of lease liabilities	(434,861)	(438,966)
Cash dividends paid	(5,288,576)	(5,288,576)
Others	1,030	(2,559)
Net cash flows used in financing activities	(9,355,082)	(19,138,580)
Net increase (decrease) in cash and cash equivalents	8,323,189	(10,454,004)
Cash and cash equivalents at beginning of period	20,511,690	30,965,694
Cash and cash equivalents at end of period	\$ 28,834,879	20,511,690

See accompanying notes to financial statements.

COMPAL ELECTRONICS, INC.

Notes to the Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Compal Electronics, Inc. (the “Company”) was incorporated in June 1984 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No.581 and No.581-1 Ruiguang Rd., Neihu Dist., Taipei City, Taiwan. In accordance with Article 19 of the Business Mergers and Acquisitions Act, the Company merged its subsidiary, Compal Communications, Inc. (“CCI”) (the “Merger”), pursuant to the resolutions of the Board of Directors in November, 2013. The Company was the surviving company and CCI was the dissolved company. The effective date of the Merger was February 27, 2014. The Company is primarily involved in the manufacture and sale of notebook personal computers (“notebook PCs”), monitors, LCD TVs, mobile phones and various components and peripherals.

(2) Approval date and procedures of the financial statements:

The accompanying parent-company-only financial statements were authorized for issuance by the Board of Directors and issued on February 27, 2025.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

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- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

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The Company is evaluating the impact on its financial position and financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(4) Summary of material accounting policies:

The material accounting policies presented in the parent-company-only financial statements are summarized as follows. The following accounting policies were applied consistently throughout the periods presented in the parent-company-only financial statements.

(a) Statement of compliance

These parent-company-only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts in the statement of financial position, the parent-company-only financial statements have been prepared on the historical cost basis:

- 1) Financial instruments measured at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;

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- 3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note (4)(q).

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The parent-company-only financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising on the retranslation:

- 1) fair value through other comprehensive income financial assets;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent the hedge is effective

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Company's functional currency at exchange rates of the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Company's functional currency at average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation differences in equity.

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When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(d) Classification of current and non-current assets and liabilities

The Company classifies the asset as current under one of the following criteria, and all other assets are classified as non current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies the liability as current under one of the following criteria, and all other liabilities are classified as non current.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(e) Cash and cash equivalents

Cash comprise cash on hand and demand deposits. Cash equivalents are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are reclassified as cash equivalents.

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(f) Financial instruments

(i) Financial assets

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVTPL”).

The Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

2) Fair value through other comprehensive income (“FVOCI”)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Company, therefore, those receivables are measured at FVOCI and presented as accounts receivable.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

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Notes to Parent-Company-Only Financial Statements

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retain earnings instead of profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the date the shareholders' meeting approved the earning distribution.

3) Fair value through profit or loss ("FVTPL")

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized costs, notes and accounts receivable, other receivable, guarantee deposit and other financial assets), debt investments measured at FVOCI, and accounts receivable measured at FVOCI.

The Company measures loss allowances at an amount equal to lifetime expected credit loss ("ECL"), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings".

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the borrower is unlikely to pay its credit obligations to the Company in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. An evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;

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- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Company recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a debt instrument in its entirety, the Company recognizes the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in "other equity – unrealized gains or losses on fair value through other comprehensive income", in profit or loss, and presented it in the line item of non-operating income.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss, and presented in the line item of non-operating income and expenses. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

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(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received, less, the direct cost of issuing.

Interest and loss or gain related to financial liabilities are recognized as profit or loss and are reported under non-operating income and expenses. Financial liabilities are reclassified as equity when converted, and conversions do not generate profit or loss.

2) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if acquired principally for the purpose of selling in the short term. This type of financial liability is measured at fair value at the time of initial recognition, and attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss, and are included in non-operating income or expenses.

3) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise loans and borrowings, notes and accounts payable and other payable, are measured at fair value, plus, any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method other than significant interest on short-term loans and payables. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in non-operating income or expenses.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged, cancelled or expired. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in non-operating income or expenses.

5) Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

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(iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Any attributable transaction costs thereof are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss and are included in the line item of non-operating income. When a derivative is designated as, and effective for, a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, whereas when the fair value is negative, it is classified as a financial liability.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the non-financial asset's host contract are not closely related to the embedded derivatives and the host contract is not measured at FVTPL.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average-cost principle and includes expenditure incurred in acquiring the inventories, production or transition costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The parent-company-only financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees after adjustments to align the accounting policies with those of the Company from the date that significant influence commences until the date that significant influence ceases. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the changes in ownership interests of its associate in capital surplus in proportion to its ownership.

Unrealized profits resulting from the transactions between the Company and an associate are eliminated to the extent of the Company's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

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When the Company's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

The Company shall discontinue the use of the equity method from the date when its investment ceases to be an associate or a joint venture. The Company shall measure the retained interest at fair value. The difference between the fair value of retained interest and proceeds from disposal, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company shall account for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the entity shall reclassify the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued. If an entity's ownership interest in an associate or a joint venture is reduced while the entity continues to apply the equity method, the entity shall reclassify the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company shall continue to apply the equity method without remeasuring the retained interest.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus, however, when the balance of the capital surplus arising from the investment was insufficient, the difference charged or credited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(i) Investment in subsidiaries

When preparing the parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, the amounts of net income, other comprehensive income and equity attributable to shareholders of the Company in the parent-company-only financial statement are equal to those in the consolidated financial statements.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset. The cost of the software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a systematic basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- 1) Buildings: 35~50 years
- 2) Building improvement: 2~12 years
- 3) Research equipment: 3~5 years
- 4) Other equipment: 0.5~5 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

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(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying assets, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications

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When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery and office equipment that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(l) Intangible assets

(i) Goodwill

1) Initial recognition

Goodwill arising from acquisition of subsidiaries is included in intangible assets. The measurement of initial recognition of goodwill, please refer to note (4)(t).

2) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

Goodwill related to an investment accounted for using equity method is included in the carrying amount of the investment, and not allocated to any asset, including goodwill, forms part of the carrying amount of the investment accounted for using the equity method.

(ii) Research & Development

During the research phase, activities are carried out to obtain and understand new scientific or technical knowledge. Expenditures during this phase are recognized in profit or loss as incurred.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

Expenditures arising from the development phase shall be recognized as an intangible asset if all the conditions described below can be demonstrated; otherwise, they will be recognized in profit or loss as incurred.

- 1) The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- 2) Its intention to complete the intangible asset and use or sell it.
- 3) Its ability to use or sell the intangible asset.
- 4) How the intangible asset will generate probable future economic benefits.
- 5) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- 6) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalized expenditure arising from the development phase is measured at cost less accumulated amortization and accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Company are measured at cost, less accumulated amortization and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(v) Amortization

The amortizable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with all indefinite useful life, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- 1) Patents: the shorter of contract period and estimated useful lives
- 2) Computer software: 1~6 years

The residual value, the amortization period, and the amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end. Any change shall be accounted for as changes in accounting estimates.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(m) Impairment of non-derivative financial assets

Non-derivative financial assets except for inventories, deferred tax assets, and assets arising from employee benefits are assessed at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company shall estimate the recoverable amount of the asset. If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Company will have to determine the recoverable amount for the asset's cash-generating unit.

The Company assesses goodwill and intangible assets, which have indefinite useful lives and are not available for use, on an annual basis and recognizes an impairment loss on excess of carrying value over the recoverable amount.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value, less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units or group of units. If the carrying amount of the cash-generating units exceeds the recoverable amount of the unit, the entity shall recognize the impairment loss and the impairment loss shall be allocated to reduce the carrying amount of each asset in the unit. Reversal of an impairment loss for goodwill is prohibited.

The Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss.

(n) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(o) Treasury stock

Repurchased shares are recognized under treasury shares (a contra-equity account) based on its repurchase price (including all directly accountable costs), and net of tax. Gains on disposal of treasury shares should be recognized under Capital Reserve – Treasury Shares Transactions; losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted average different types of repurchase.

During the cancellation of treasury shares, Capital Reserve – Share Premiums and Share Capital should be debited proportionately. Gains on cancellation of treasury shares should be recognized under existing capital reserves arising from similar types of treasury shares; losses on cancellation of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

(p) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

(i) Sale of goods

The Company manufactures and sells electronic products to electronic products brand vendor. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company assesses sales discounts based on historical experience, management's judgment and other known reasons. Such allowances are recognized as a deduction of sales revenue in the same period in which sales are made. The aforementioned provisions are expected to settle over the next year. A refund liability is recognized for expected discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of electronic products are made with a credit term which is consistent with the market practice.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(ii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

If the benefits of a plan are improved, the pension cost incurred from the portion of the increased benefit relating to past service by employees, is recognized immediately in profit or loss.

Re-measurement of net defined benefit liability (asset) (including actuarial gains, losses and the return on plan asset and changes in the effect of the asset ceiling, excluding any amounts included in net interest) is recognized in other comprehensive income (loss). The effect of re-measurement of the defined benefit plan is charged to retained earnings.

The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets and change in the present value of defined benefit obligation.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(r) Share-based payment

The grant-date fair value of share-based payment awards granted to employee is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

(s) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The Company has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the following exceptions:

- (i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

- (ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.
- (iii) Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

- (i) The entity has the legal right to settle tax assets and liabilities on a net basis; and
- (ii) the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:
 - 1) levied by the same taxing authority; or
 - 2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and they shall be adjusted based on the probability that future taxable profit that will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

The surtax on unappropriated earnings is recoded as current tax expense in the following year after the resolution to appropriate retained earnings is approved in a stockholders' meeting.

(t) **Business combination**

Goodwill is measured as an aggregation of the consideration transferred (which generally is measured at fair value at the acquisition date) and as an amount of any non-controlling interest in the acquiree, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If the residual balance is negative, the Company shall re-assess whether it has correctly identified all of the assets acquired and liabilities assumed, and recognize a gain on the bargain purchase thereafter.

All the transaction costs incurred for the business combination are recognized immediately as the Company's expenses when incurred, except for the issuance of debt or equity instruments.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

If the business combination is achieved in stages, the Company shall measure any non-controlling equity interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other non-controlling interest is measured (1) at fair value at the acquisition date or (2) by using other valuation techniques acceptable under the IFRS as endorsed by the FSC.

In a business combination achieved in stages, the Company shall re-measure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Company may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income shall be recognized on the same basis as would be required if the Company had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount shall be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Company shall retrospectively adjust the provisional amounts recognized at the acquisition date, or recognize additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

(u) Earnings per share

The Company discloses the basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise employee compensation not yet approved by the Board of Directors.

(v) Operating segments

The operating segment information is disclosed within the consolidated financial statements but not disclosed in the parent-company-only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these financial statements, management has made judgments and estimates about the future, including climate-related risk and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

There are no critical judgments in applying the accounting policies that have significant effect on the amounts recognized in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows.

(a) Recognition and measurement of refund liabilities

Because of the sales returns and allowances, the Company records refund liabilities (sales returns and allowances provisions) for estimated returns and other allowances in the same period the related revenue is recorded. The estimate is made based on historical experience, market and economic conditions, and any other known factors using the expected value or the most likely amount, and it could be different from actual sales returns and allowances, therefore, the management periodically reviews the adequacy of the estimation used.

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial changes, there may be significant differences in the net realizable value of inventories. Refer to note (6)(f) for further description of the valuation of inventories.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	\$ 1,392	2,399
Checking accounts and demand deposits	14,339,992	17,422,781
Time deposits	12,622,225	2,472,410
Cash equivalents	<u>1,871,270</u>	<u>614,100</u>
	<u>\$ 28,834,879</u>	<u>20,511,690</u>

Please refer to note (6)(u) for the disclosure of the exchange rate risk, the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Company.

(b) Financial assets at fair value through profit or loss

	December 31, 2024	December 31, 2023
Non-current financial assets mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Stock unlisted in domestic markets	\$ 158,420	158,680
Fund in foreign market and others	<u>255,523</u>	<u>179,175</u>
Total	<u>\$ 413,943</u>	<u>337,855</u>

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

For the market risk related to the financial instruments, please refer to note (6)(u).

As of December 31, 2024 and 2023, the Company did not provide any aforementioned financial assets as collaterals for its loans.

(c) Financial assets at fair value through other comprehensive income

	December 31, 2024	December 31, 2023
Equity investments at fair value through other comprehensive income:		
Stock listed in domestic markets	\$ 4,433,817	2,752,235
Stock listed in foreign markets	15,166,260	2,906,241
Stock unlisted in domestic markets	316,917	276,342
Stock unlisted in foreign markets	<u>6,000</u>	<u>262,892</u>
Total	<u>\$ 19,922,994</u>	<u>6,197,710</u>

The purpose that the Company invests in the abovementioned equity securities is for long-term strategies, but rather for trading purpose. Therefore, these equity securities are designated as at FVOCI.

For the year ended December 31, 2024, the Company has sold part of its shareholdings, measured at fair value through other comprehensive income, in ITH Corporation and Horien Biochemical Technology Co., Ltd.. The fair value of the shares upon disposal amounted to \$5,821 and \$6,780, resulting in a cumulative gain of \$2,585 and \$3,180, which was reclassified from other comprehensive income to retained earnings.

For the year ended December 31, 2023, the Company has sold all of its shareholdings, measured at fair value through other comprehensive income, in Genovior Biotech Corp. The fair value of the shares upon disposal amounted to \$47,921, resulting in a cumulative gain of \$17,790, which was reclassified from other comprehensive income to retained earnings.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

The Company held the shareholdings, measured at fair value through other comprehensive income, in Taiwan Star Telecom Corporation Limited (“Taiwan Star”), which was absorbed and merged by Taiwan Mobile Co., Ltd. (“Taiwan Mobile”) on December 1, 2023, as the date of the merger. In this stock swap case, the shareholdings of Taiwan Star were exchanged for the exchange consideration of \$317,172 on the date of the merger, resulting in a cumulative loss on disposal of \$663,293, which was reclassified from other equity to retained earnings.

If there is an increase (decrease) in the market price by 5% on the reporting date of the equity securities hold by the Company, the increase (decrease) in other comprehensive income (pre-tax) for the years ended December 31, 2024 and 2023, will be \$996,150 and \$309,886, respectively. These analyses are performed on the same basis for the period and assume that all other variables remain the same.

For the Company’s information of market risk, please refer to note (6)(u).

As of December 31, 2024 and 2023, the Company did not provide any financial assets at fair value through other comprehensive income as collaterals for its loans.

(d) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Accounts receivable – measured at amortized cost	\$ 180,614,419	158,625,335
Accounts receivable – fair value through other comprehensive income	<u>21,115,123</u>	<u>28,158,504</u>
	201,729,542	186,783,839
Less: allowance for uncollectible accounts	(3,765,346)	(3,691,908)
recorded as credit balance of investments in equity method	<u>-</u>	<u>(24,107)</u>
	<u>\$ 197,964,196</u>	<u>183,067,824</u>
Notes and accounts receivable, net	<u>\$ 181,373,061</u>	<u>171,591,962</u>
Notes and accounts receivable – related parties, net	<u>\$ 16,591,135</u>	<u>11,475,862</u>

The Company has assessed a portion of its trade receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income.

(i) Expected credit losses

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

The loss allowance provision of notes and accounts receivable were determined as follows:

December 31, 2024				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 192,386,041	0%	-	No
Level B	5,724,805	2.562%	146,650	No
Level C	<u>3,618,696</u>	100%	<u>3,618,696</u>	Yes
	<u>\$ 201,729,542</u>		<u>3,765,346</u>	

December 31, 2023				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 176,317,572	0%	-	No
Level B	6,847,571	1.069%	73,212	No
Level C	<u>3,618,696</u>	100%	<u>3,618,696</u>	Yes
	<u>\$ 186,783,839</u>		<u>3,691,908</u>	

- (ii) The aging analysis of notes and accounts receivable, were determined as follows:

	December 31, 2024	December 31, 2023
Overdue 1 to 180 days	<u>\$ 675,457</u>	<u>1,419,193</u>

- (iii) The movements in the allowance for notes and accounts receivable were as follow:

	2024	2023
Balance at January 1	\$ 3,691,908	3,642,881
Impairment losses recognized	<u>73,438</u>	<u>49,027</u>
Balance at December 31	<u>\$ 3,765,346</u>	<u>3,691,908</u>

Allowance for uncollectible account is the balance of accounts receivables which are uncollectable. Except for evaluating the situation of the customers' payment records and widely analyzing the credit rating of customers, the Company also takes all the necessary procedures for collection. The Company believes that there is no doubt for the recovery of the due but unimpaired account receivable, therefore, no allowance recognized.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(iv) Accounts receivable factoring

The Company entered into accounts receivable factoring agreements with banks. As of December 31, 2024 and 2023, except for the amount used under the actual sales amount in accordance with certain agreements, the factoring amount granted by the banks were USD 2,100,000 thousands. Based on the agreements, the Company is not responsible for guaranteeing the ability of the accounts receivable obligor to make payment when it is affected by credit risk. Thus, this is a non-recourse accounts receivable factoring. The Company derecognized the above account receivables because it has transferred substantially all of the risks and rewards of their ownership and it does not have any continuing involvement in them. After the transfer of the accounts receivable, the Company can request partial advanced amount, while the interest calculated at an agreed rate is paid to the bank in the period during the time of receiving advance and the accounts receivable is collected. The remaining amounts with no advance are received when the accounts receivable are settled by the customers. As of December 31, 2024 and 2023, accounts receivable factored were recovered.

The Company, customers, and banks signed the three-party contracts in which the banks purchase accounts receivable from the Company. The total amount of the accounts receivable should not exceed the facility limit provided by the banks to the Company's customers. Based on the contracts, the banks have no right to request the Company to repurchase the accounts receivable. Thus, this is a non-recourse accounts receivable transfer. As of December 31, 2024 and 2023, accounts receivable factored were recovered.

The details of the factored accounts receivable at the reporting date were as follows:

December 31, 2024							
<u>Purchaser</u>	<u>Accounts receivable factored (gross)</u>	<u>Amount advanced</u>		<u>Amount recognized in other receivables</u>	<u>Collateral</u>	<u>Amount derecognized</u>	<u>Interest rate</u>
		<u>Unpaid</u>	<u>Paid</u>				
Financial Institution	\$ <u>14,628,853</u>	<u>-</u>	<u>14,628,853</u>	<u>-</u>	-	<u>14,628,853</u>	4.99%~5.12%
December 31, 2023							
<u>Purchaser</u>	<u>Accounts receivable factored (gross)</u>	<u>Amount advanced</u>		<u>Amount recognized in other receivables</u>	<u>Collateral</u>	<u>Amount derecognized</u>	<u>Interest rate</u>
		<u>Unpaid</u>	<u>Paid</u>				
Financial Institution	\$ <u>13,185,468</u>	<u>-</u>	<u>13,185,468</u>	<u>-</u>	-	<u>13,185,468</u>	6.01%~6.20%

- (v) As of December 31, 2024 and 2023, the Company did not provide any aforementioned notes and accounts receivable as collaterals.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(e) Other receivables

	December 31, 2024	December 31, 2023
Other receivables - loans to subsidiaries	\$ 3,672,425	3,208,385
Other receivables - related parties	457,805	281,621
Others	342,945	461,767
	<u>\$ 4,473,175</u>	<u>3,951,773</u>

As of December 31, 2024 and 2023, none of other receivables were past due.

(f) Inventories

	December 31, 2024	December 31, 2023
Finished goods	\$ 5,934,498	10,291,518
Work in progress	1,450,246	1,414,789
Raw materials	30,415,589	39,337,185
	<u>\$ 37,800,333</u>	<u>51,043,492</u>

(i) During the years ended December 31, 2024 and 2023, inventory cost recognized as cost of sales amounted to \$812,326,668 and \$846,864,149, respectively.

(ii) Due to sale and scrap of slow-moving inventories, the net realizable value of inventory recovered, and the reversal of inventory write-down and slow-moving losses amounted to \$604,498 and \$1,775,969, for the years ended December 31, 2024 and 2023.

(iii) As of December 31, 2024 and 2023, the Company did not provide any inventories as collaterals for its loans.

(g) Investments accounted for using equity method

A summary of the Company's financial information for equity-accounted investees at the reporting date is as follows:

	December 31, 2024	December 31, 2023
Subsidiaries	\$ 111,640,989	101,604,769
Associates	3,064,046	3,051,907
	114,705,035	104,656,676
Plus: Recorded as accounts receivable and other receivables-related parties	-	224,107
Credit balance of investments in equity method (recorded as other non-current liability)	1,089,166	827,770
Less: unrealized profits or losses	(194,401)	(211,671)
	<u>\$ 115,599,800</u>	<u>105,496,882</u>

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(i) Subsidiaries

Please refer to the consolidated financial statement for the year ended December 31, 2024.

(ii) Associates

- 1) The fair value of the shares of listed company based on the closing price was as follow:

	December 31, 2024	December 31, 2023
Allied Circuit Co., Ltd. (“Allied Circuit”)	\$ 1,218,928	1,574,448
Avalue Technology Inc. (“Avalue”)	1,334,212	1,783,426
	<u>\$ 2,553,140</u>	<u>3,357,874</u>

- 2) The Company’s share of the net gain (loss) of associates was as follows:

	2024	2023
The Company’s share of the loss of associates	<u>\$ (273,339)</u>	<u>(269,077)</u>

- 3) The Company’s financial information for investments accounted for using the equity method that are individually immaterial was as follows:

	December 31, 2024	December 31, 2023
Carrying amount of individually immaterial associates	<u>\$ 3,064,046</u>	<u>3,051,907</u>
	<u>2024</u>	<u>2023</u>
The Company’s share of the net income (loss) of associates:		
Loss from continuing operations	\$ (273,339)	(269,077)
Other comprehensive income (loss)	310,684	2,077
Total comprehensive income (loss)	<u>\$ 37,345</u>	<u>(267,000)</u>

- (iii) As of December 31, 2024 and 2023, the Company did not provide any investments accounted for using equity method as collaterals for its loans.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(h) Changes in subsidiaries' equity

(i) Changes in subsidiaries' equity did not result in the Company's loss of control

1) Cancellation of subsidiaries' restricted shares

Compal Broadband Network Inc. ("CBN") canceled 302 thousand and 364 thousand restricted shares in the years ended December 31, 2024 and 2023. These two events, respectively, resulted in an increase of 0.28% and 0.32% the ownership of the Company and its subsidiaries in CBN in the years ended December 31, 2024 and 2023.

2) Issuance of new shares for cash of subsidiaries

The Company purchased newly issued shares of Starmems Semiconductor Corp. ("Starmems") amounting to \$29,650 at a percentage different from its existing ownership percentage in April, 2024, resulting in an increase in the ownership of the Company in Starmems from 35% to 38.03%.

The Company purchased newly issued shares of Hippo Screen Neurotech Co., Ltd. ("Hippo Screen") amounting to \$50,000 at a percentage different from its existing ownership percentage in June, 2024, resulting in an increase in the ownership of the Company in Hippo Screen from 91% to 95.5%.

The Company purchased newly issued shares of Aco Smartcare Co., Ltd. ("Aco Smartcare") amounting to \$69,083 at a percentage different from its existing ownership percentage in July, 2023, resulting in an increase in the ownership of the Company in Aco Smartcare from 52.04% to 71.46%.

3) The following summarizes the effect of changes in equity of the Company due to changes in the ownership interest of subsidiaries:

	<u>2024</u>	<u>2023</u>
Capital surplus – changes in ownership interest in subsidiaries	\$ 151	2,213
Retained earnings	<u>(7,088)</u>	<u>(16,652)</u>
	<u>\$ (6,937)</u>	<u>(14,439)</u>

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(i) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2024 and 2023, were as follows:

	Land	Buildings and building improvement	Other equipment	Under construction and prepayment for purchase of equipment	Total
Cost:					
Balance on January 1, 2024	\$ 1,047,797	2,447,898	2,917,420	28,056	6,441,171
Additions	-	11,984	247,707	82,034	341,725
Disposals and derecognitions	-	(173,242)	(109,313)	-	(282,555)
Reclassifications	-	-	47,044	(47,044)	-
Balance on December 31, 2024	<u>\$ 1,047,797</u>	<u>2,286,640</u>	<u>3,102,858</u>	<u>63,046</u>	<u>6,500,341</u>
Balance on January 1, 2023	\$ 1,047,797	2,449,934	3,042,254	23,257	6,563,242
Additions	-	3,384	178,319	74,688	256,391
Disposals and derecognitions	-	(16,139)	(362,323)	-	(378,462)
Reclassifications	-	10,719	59,170	(69,889)	-
Balance on December 31, 2023	<u>\$ 1,047,797</u>	<u>2,447,898</u>	<u>2,917,420</u>	<u>28,056</u>	<u>6,441,171</u>
Depreciation and impairments loss:					
Balance on January 1, 2024	\$ -	1,725,290	2,481,593	-	4,206,883
Depreciation for the period	-	74,414	276,743	-	351,157
Disposals and derecognitions	-	(173,240)	(101,009)	-	(274,249)
Balance on December 31, 2024	<u>\$ -</u>	<u>1,626,464</u>	<u>2,657,327</u>	<u>-</u>	<u>4,283,791</u>
Balance on January 1, 2023	\$ -	1,650,666	2,495,267	-	4,145,933
Depreciation for the period	-	90,763	295,867	-	386,630
Disposals and derecognitions	-	(16,139)	(309,541)	-	(325,680)
Balance on December 31, 2023	<u>\$ -</u>	<u>1,725,290</u>	<u>2,481,593</u>	<u>-</u>	<u>4,206,883</u>
Carrying amounts:					
Balance on December 31, 2024	<u>\$ 1,047,797</u>	<u>660,176</u>	<u>445,531</u>	<u>63,046</u>	<u>2,216,550</u>
Balance on January 1, 2023	<u>\$ 1,047,797</u>	<u>799,268</u>	<u>546,987</u>	<u>23,257</u>	<u>2,417,309</u>
Balance on December 31, 2023	<u>\$ 1,047,797</u>	<u>722,608</u>	<u>435,827</u>	<u>28,056</u>	<u>2,234,288</u>

As of December 31, 2024 and 2023, the Company did not provide property, plant and equipment as collateral for its borrowing.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(j) Right-of-use assets

The Company leases many assets including buildings and vehicles. Information about leases for which the Company as a lessee is presented below:

	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Cost:			
Balance on January 1, 2024	\$ 2,084,605	2,064	2,086,669
Additions	412,046	17,300	429,346
Deductions	<u>(237,023)</u>	<u>-</u>	<u>(237,023)</u>
Balance on December 31, 2024	<u>\$ 2,259,628</u>	<u>19,364</u>	<u>2,278,992</u>
Balance on January 1, 2023	\$ 2,068,450	28,723	2,097,173
Additional	478,563	-	478,563
Deductions	<u>(462,408)</u>	<u>(26,659)</u>	<u>(489,067)</u>
Balance on December 31, 2023	<u>\$ 2,084,605</u>	<u>2,064</u>	<u>2,086,669</u>
Depreciation:			
Balance on January 1, 2024	\$ 1,052,288	1,080	1,053,368
Depreciation for the period	435,579	2,886	438,465
Deductions	<u>(234,965)</u>	<u>-</u>	<u>(234,965)</u>
Balance on December 31, 2024	<u>\$ 1,252,902</u>	<u>3,966</u>	<u>1,256,868</u>
Balance on January 1, 2023	\$ 1,040,187	23,620	1,063,807
Depreciation for the period	435,903	4,119	440,022
Deductions	<u>(423,802)</u>	<u>(26,659)</u>	<u>(450,461)</u>
Balance on December 31, 2023	<u>\$ 1,052,288</u>	<u>1,080</u>	<u>1,053,368</u>
Carrying amount:			
Balance on December 31, 2024	<u>\$ 1,006,726</u>	<u>15,398</u>	<u>1,022,124</u>
Balance on January 1, 2023	<u>\$ 1,028,263</u>	<u>5,103</u>	<u>1,033,366</u>
Balance on December 31, 2023	<u>\$ 1,032,317</u>	<u>984</u>	<u>1,033,301</u>

(k) Short-term borrowings

The details of short-term borrowings were as following:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Unsecured bank loans	<u>\$ 43,227,425</u>	<u>46,917,800</u>
Unused credit line for short-term borrowings	<u>\$ 127,496,000</u>	<u>106,729,000</u>
Range of interest rates	<u>1.66%~5.29%</u>	<u>1.62%~6.15%</u>

For information on the Company's interest risk, foreign currency risk and liquidity risk, please refer to note (6)(u).

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(l) Long-term borrowings

The details of long-term borrowings were as follows:

December 31, 2024				
	Currency	Range of annual interest rates	Maturity year	Amount
Unsecured bank loans	TWD	1.72%~2.28%	2025~2027	\$ 23,325,000
Less: current portion				(14,300,000)
Total				<u><u>\$ 9,025,000</u></u>
Unused credit line for long-term borrowings				<u><u>\$ 23,276,000</u></u>

December 31, 2023				
	Currency	Range of annual interest rates	Maturity year	Amount
Unsecured bank loans	TWD	1.64%~2.10%	2024~2027	\$ 21,425,000
Unsecured bank loans	USD	6.10%	2024	1,842,300
Less: current portion				(10,742,300)
Total				<u><u>\$ 12,525,000</u></u>
Unused credit line for long-term borrowings				<u><u>\$ 21,725,000</u></u>

For information on the Company's interest risk, foreign currency risk and liquidity risk, please refer to note (6)(u).

(m) Lease liabilities

The details of lease liabilities were as follows:

	December 31, 2024	December 31, 2023
Current	<u><u>\$ 413,270</u></u>	<u><u>352,900</u></u>
Non-current	<u><u>\$ 620,504</u></u>	<u><u>688,466</u></u>

For the maturity analysis, please refer to note (6)(u).

The amounts recognized in profit or loss was as follows:

	2024	2023
Interest on lease liabilities	<u><u>\$ 15,142</u></u>	<u><u>14,735</u></u>
Expenses relating to leases of low-value assets or short-term leases	<u><u>\$ 26,472</u></u>	<u><u>21,770</u></u>

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

The amounts recognized in the statement of cash flows for the Company was as follows:

	2024	2023
Total cash outflow for leases	<u><u>\$ 476,475</u></u>	<u><u>475,471</u></u>

(i) Building leases

The Company leases buildings for its office and factory space, typically run for a period of 1~10 years.

(ii) Other leases

The Company leases vehicles with lease terms of 3~5 years.

The Company also leases some machinery and office equipment with contract terms of 1~5 years. These leases are short-term or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(n) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value were as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	\$ (1,064,429)	(1,173,609)
Fair value of plan assets	<u>580,529</u>	<u>604,726</u>
Net defined benefit liabilities	<u><u>\$ (483,900)</u></u>	<u><u>(568,883)</u></u>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

The balance of the Company's labor pension reserve account in the Bank of Taiwan amounted to \$560,455 (excluding the ending balance of interest receivable) as of December 31, 2024. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in the present value of the defined benefit obligations

The movements in the present value of defined benefit obligations for the Company were as follows:

	2024	2023
Defined benefit obligations on January 1	\$ (1,173,609)	(1,185,366)
Current service costs and interest	(18,691)	(22,953)
Remeasurements of net benefit liabilities	33,637	(16,367)
Benefit paid by the plan	94,234	51,077
Defined benefit obligations on December 31	<u><u>\$ (1,064,429)</u></u>	<u><u>(1,173,609)</u></u>

3) Movements of the fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Company were as follows:

	2024	2023
Fair value of plan assets on January 1	\$ 604,726	618,425
Expected return on plan assets	7,731	9,811
Remeasurements of net benefit plan assets	38,678	3,510
Contributions paid by the employer	23,628	24,057
Benefits paid by the plan	(94,234)	(51,077)
Fair value of plan assets on December 31	<u><u>\$ 580,529</u></u>	<u><u>604,726</u></u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	2024	2023
Current service cost	\$ 3,168	3,711
Net interest on the net defined benefit liability (asset)	7,792	9,431
	<u><u>\$ 10,960</u></u>	<u><u>13,142</u></u>
Cost of sales	\$ 288	427
Selling expenses	528	612
Administrative expenses	2,848	3,270
Research and development expenses	7,296	8,833
	<u><u>\$ 10,960</u></u>	<u><u>13,142</u></u>

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

5) Actuarial assumptions

The following were the Company's principal actuarial assumptions at the reporting date:

	December 31, 2024	December 31, 2023
Discount rate	1.60%	1.40%
Future salary increase rate	3.00%	3.00%

The expected allocation payment made by the Company to the defined benefit plans for the one year period after the reporting date is \$23,992.

The weighted-average lifetime of the defined benefit plan is 7.4 years.

6) Sensitivity analysis

If the main actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Effects to the defined benefit obligation	
	Increased 0.25%	Decreased 0.25%
December 31, 2024		
Discount rate	(19,041)	19,635
Future salary increasing rate	19,326	(18,839)
December 31, 2023		
Discount rate	(21,684)	22,385
Future salary increasing rate	21,987	(21,412)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation on the net defined benefit liabilities in the balance sheets.

The method and assumption used in the sensitivity analysis is consistent with prior period.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates the labor pension at a specific percentage to the Bureau of the Labor Insurance without additional legal or constructive obligations.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

The Company recognized the pension costs under the defined contribution method amounting to \$445,843 and \$433,882 for the years ended December 31, 2024 and 2023, respectively. Payment was made to the Bureau of Labor Insurance.

(o) Income taxes

(i) Income tax expenses

- 1) The amount of income tax for the years ended December 31, 2024 and 2023, was as follows:

	<u>2024</u>	<u>2023</u>
Current tax expense		
Recognized during the period	\$ 1,528,651	1,365,434
Undistributed earnings additional tax	172,651	424,610
Tax credit of investment	<u>(475,447)</u>	<u>(412,301)</u>
	1,225,855	1,377,743
Deferred tax expense		
Recognition and reversal of temporary differences	<u>281,613</u>	<u>(335,670)</u>
	<u>281,613</u>	<u>(335,670)</u>
Income tax expense	<u><u>\$ 1,507,468</u></u>	<u><u>1,042,073</u></u>

- 2) The amount of income tax recognized in other comprehensive income for the years ended December 31, 2024 and 2023, was as follows:

	<u>2024</u>	<u>2023</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit obligation	\$ 14,463	(2,571)
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	<u>2,446,215</u>	<u>121,727</u>
	<u><u>\$ 2,460,678</u></u>	<u><u>119,156</u></u>

- 3) The income tax expense that was reconciled between the actual income tax expense and profit before tax for the years ended December 31, 2024 and 2023, was as follows:

	<u>2024</u>	<u>2023</u>
Profit before tax	<u>\$ 11,549,878</u>	<u>8,709,700</u>
Income tax calculated based on tax rate	\$ 2,309,976	1,741,940
Undistributed earnings additional tax	172,651	424,610
Estimated tax effect of tax exemption on investment income, net	35,581	(134,725)
Realized investment loss	(26,201)	(132,659)
Investment tax credit	(475,447)	(412,301)
Changes in temporary differences	(611,890)	(865,073)
Adjustment of estimated difference and other	<u>102,798</u>	<u>420,281</u>
Income tax expense	<u><u>\$ 1,507,468</u></u>	<u><u>1,042,073</u></u>

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(ii) Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2024 and 2023 were as follows:

	Unrealized exchange losses, net	Refund liabilities	Allowance for obsolescence loss and inventory valuation	Defined benefit plans	Others	Total
Deferred tax assets:						
Balance on January 1, 2024	\$ 1,734,370	436,796	122,939	162,159	112,388	2,568,652
Recognized in profit or loss	(737,625)	6,497	(42,035)	(2,534)	96,706	(678,991)
Recognized in other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,463)</u>	<u>-</u>	<u>(14,463)</u>
Balance on December 31, 2024	<u><u>\$ 996,745</u></u>	<u><u>443,293</u></u>	<u><u>80,904</u></u>	<u><u>145,162</u></u>	<u><u>209,094</u></u>	<u><u>1,875,198</u></u>
Balance on January 1, 2023	\$ 975,482	286,548	212,236	161,770	107,573	1,743,609
Recognized in profit or loss	758,888	150,248	(89,297)	(2,182)	4,815	822,472
Recognized in other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,571</u>	<u>-</u>	<u>2,571</u>
Balance on December 31, 2023	<u><u>\$ 1,734,370</u></u>	<u><u>436,796</u></u>	<u><u>122,939</u></u>	<u><u>162,159</u></u>	<u><u>112,388</u></u>	<u><u>2,568,652</u></u>
	Unrealized exchange gains, net	Others	Total			
Deferred tax liabilities:						
Balance on January 1, 2024	\$ (1,241,833)	(544,114)	(1,785,947)			
Amount increased through business combination	-	-	-			
Recognized in profit or loss	397,378	-	397,378			
Recognized in other comprehensive income	<u>-</u>	<u>(2,446,215)</u>	<u>(2,446,215)</u>			
Balance on December 31, 2024	<u><u>\$ (844,455)</u></u>	<u><u>(2,990,329)</u></u>	<u><u>(3,834,784)</u></u>			
Balance on January 1, 2023	\$ (755,031)	(422,387)	(1,177,418)			
Amount increased through business combination	-	-	-			
Recognized in profit or loss	(486,802)	-	(486,802)			
Recognized in other comprehensive income	<u>-</u>	<u>(121,727)</u>	<u>(121,727)</u>			
Balance on December 31, 2023	<u><u>\$ (1,241,833)</u></u>	<u><u>(544,114)</u></u>	<u><u>(1,785,947)</u></u>			

(iii) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2024	December 31, 2023
Tax effect of deductible temporary differences	<u>\$ 394,117</u>	<u>472,981</u>

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

The Company assesses and considers that some of the income tax reduction items may be unrealized, hence they are not recognized as deferred tax assets.

(iv) Unrecognized deferred tax assets and liabilities related to investments in subsidiaries

The temporary differences associated with investment in subsidiaries were not recognized as deferred income tax assets and liabilities as the Company has the ability to control the reversal of these temporary differences which are not expected to reverse in the foreseeable future.

As of December 31, 2024 and 2023, the aggregate deductible temporary differences relating to investments in subsidiaries not recognized as deferred tax assets amounted to \$3,640,359 and \$3,070,351, respectively.

As of December 31, 2024 and 2023, the aggregate taxable temporary differences relating to investments in subsidiaries not recognized as deferred tax liabilities amounted to \$78,021,791 and \$71,217,500, respectively.

(v) Examination and approval

The Company's tax returns for the year through 2022 were assessed by the tax authorities.

(p) Capital and other equities

(i) Ordinary shares

As of December 31, 2024 and 2023, the Company's authorized common stock consisting of 6,000,000 thousand shares with a par value of 10 New Taiwan dollar per share amounted to \$60,000,000 of which 4,407,147 thousand shares were issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2024	December 31, 2023
Additional paid-in capital	\$ 137,689	1,018,088
Treasury share transactions	2,842,010	2,781,989
Difference between consideration and carrying amount arising from acquisition or disposal of subsidiaries	36,766	36,766
Recognition of changes in ownership interests in subsidiaries	158,436	158,285
Changes in equity of associates and joint ventures accounted for using equity method	298,040	275,787
	<u>\$ 3,472,941</u>	<u>4,270,915</u>

In accordance with the ROC Company Act, realized capital reserves can only be used to increase the common stock or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

The Company's Board of Directors' meeting respectively held on February 29, 2024 and March 15, 2023, approved to distribute cash of \$881,429 (representing 0.2 New Taiwan dollars per share), by using capital surplus.

(iii) Retained earnings

If there is any profit after closing of books in a given year, the Company shall first defray tax due, cover accumulated losses and set aside ten percent of it as legal reserve and then set aside or reverse a special reserve in accordance with laws and regulations. The balance of earnings available for distribution is composed of the remainder of the said profit and the unappropriated retained earnings of previous years. The Board of Directors may set aside a certain amount to cope with the business operation conditions, and shall prepare the proposal for distribution of the balance amount thereof after a resolution has been adopted and then allocated by the Board of Directors. The Company authorizes the Board of Directors to distribute all or part of the dividends and bonuses, capital surplus or legal reserve in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the General shareholders' meeting.

The lifecycle of the industry of the Company is in the growing stage. To consider the need of the Company for the future capital, capital budget, long-term financial planning, domestic and foreign competition, the need of shareholders for cash flow and other factors, if there is any profit after close of books, the dividend and bonus to be distributed to shareholders shall not be less than thirty percent of profit after tax for such year and the cash dividend allocated by the Company each year shall not be lower than ten percent of the total dividend (including cash and share dividend) for such year.

According to the law, when there is a deduction from stockholders' equity (excluding treasury stock and unearned employee benefit) during the year, an amount equal to the deduction item is set aside as a special reserve before the earnings are appropriated. A special reserve is made available for earning distribution only after the deduction of the related shareholders' equity has been reversed.

1) Legal reserve

When a company incurs no loss, it may, in pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares and distributing stock dividends or distributing cash to shareholders. Only the portion of the legal reserve which exceeds 25% of the paid-in capital may be distributed.

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

2) Special reverse

During earnings distribution, if the Company has already reclassified a portion of earnings to special reserve, it shall make supplemental allocation of special reserve for any difference between the amount of the current-period total net reduction of other shareholders' equity and the amount it has already allocated. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

Distribution for the earnings of 2023 and 2022 were approved in the meeting of the Board of Directors held on February 29, 2024 and March 15, 2023, respectively. The relevant information was as follows:

	2023		2022	
	<u>Amount per share</u>	<u>Total amount</u>	<u>Amount per share</u>	<u>Total amount</u>
Cash dividends distributed to common shareholders	\$ 1.0	<u>4,407,147</u>	1.0	<u>4,407,147</u>

Distribution for the earnings of 2024 was approved in the meeting of the Board of Directors held on February 27, 2025. The relevant information was as follows:

	2024	
	<u>Amount per share</u>	<u>Total amount</u>
Cash dividends distributed to common shareholders from the unappropriated earnings	\$ 1.4	<u>6,170,005</u>

The related information of the earnings distribution for the year ended December 31, 2024, can be accessed through the Market Observation Post System website after the related meeting.

(iv) Treasury stock

The subsidiaries of the Company did not sell the ordinary shares of the Company in the years ended December 31, 2024 and 2023. As of December 31, 2024, Panpal and Gempal, subsidiaries of the Company, held 50,017 thousand shares of ordinary shares of the Company, recorded as the Company's treasury stock, with a book value of 17.6 New Taiwan dollars per share. The total cost was \$881,247. The fair value of the ordinary shares of the Company was 37.65 and 39.85 New Taiwan dollars per share as of December 31, 2024 and 2023, respectively.

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Pursuant to the Securities and Exchange Act, the number of treasury shares purchased cannot exceed 10% of the number of shares issued. The total purchase cost cannot exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus. The shares purchased for the purpose of transferring to employees shall be transferred within three years from the date of share repurchase. Those not transferred within the said limit shall be deemed as not issued by the Company and it should be cancelled. Furthermore, treasury stock cannot be pledged for debts, and treasury stock does not carry any shareholder rights until it is transferred.

(v) Other equity interests (net-of-taxes)

	Exchange differences on transaction of foreign operation financial statements	Unrealized gain (loss) from financial assets at fair value through other comprehensive income	Unearned compensation for restricted employee shares and others	Total
Balance on January 1, 2024	\$ (1,747,330)	1,363,472	(3,436)	(387,294)
The Company	5,341,707	11,245,845	-	16,587,552
Subsidiaries	328,204	746,808	3,436	1,078,448
Associates	281,226	28,399	-	309,625
Balance on December 31, 2024	<u>\$ 4,203,807</u>	<u>13,384,524</u>	<u>-</u>	<u>17,588,331</u>
Balance on January 1, 2023	\$ (1,469,711)	(461,103)	(12,290)	(1,943,104)
The Company	(376,004)	1,352,493	-	976,489
Subsidiaries	202,049	354,102	8,854	565,005
Associates	(103,664)	117,980	-	14,316
Balance on December 31, 2023	<u>\$ (1,747,330)</u>	<u>1,363,472</u>	<u>(3,436)</u>	<u>(387,294)</u>

(q) Earnings per share

The Company's basic and diluted earnings per share are calculated as follows:

	<u>2024</u>	<u>2023</u>
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	<u>\$ 10,042,410</u>	<u>7,667,627</u>
Weighted-average number of outstanding ordinary shares (in thousands)	<u>4,357,130</u>	<u>4,357,130</u>
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	<u>\$ 10,042,410</u>	<u>7,667,627</u>
Weighted-average number of outstanding ordinary shares of potential diluted ordinary shares		
Weighted-average number of outstanding ordinary shares (in thousands)	4,357,130	4,357,130
Effect of potential diluted common stock		
Employee compensation (in thousands)	<u>39,934</u>	<u>26,813</u>
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands)	<u>4,397,064</u>	<u>4,383,943</u>

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	2024	2023
	IT Product Segment	IT Product Segment
Primary geographical markets:		
United States	\$ 320,423,409	347,866,867
China	127,107,109	134,279,955
Netherlands	65,994,132	59,845,035
Japan	43,014,963	36,004,709
Others	<u>283,647,625</u>	<u>296,917,649</u>
	<u>\$ 840,187,238</u>	<u>874,914,215</u>
Major products :		
5C related electronic products	\$ 839,080,605	873,568,649
Others	<u>1,106,633</u>	<u>1,345,566</u>
	<u>\$ 840,187,238</u>	<u>874,914,215</u>

(ii) Contract balance

	December 31, 2024	December 31, 2023	January 1, 2023
Notes and accounts receivable (including related parties)	\$ 201,729,542	186,783,839	186,706,859
Less: allowance for impairment	(3,765,346)	(3,691,908)	(3,642,881)
Less: credit balances of investments in equity method	<u>-</u>	<u>(24,107)</u>	<u>(27,599)</u>
Total	<u>\$ 197,964,196</u>	<u>183,067,824</u>	<u>183,036,379</u>
Contract liabilities	<u>\$ 882,813</u>	<u>697,526</u>	<u>700,046</u>

For the details on accounts receivable and allowance for impairment, please refer to note (6)(d).

The amounts of revenue recognized for the years ended December 31, 2024 and 2023 that was included in the balances of contract liability at the beginning of the period were \$697,526 and \$700,046, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(s) Employees' and directors' compensations

Based on the Company's articles of incorporation, if there is any profit in a fiscal year, the Company's pre-tax profits in such fiscal year, prior to deduction of compensations to employees and directors, shall be distributed to employees as compensations in an amount of not less than two percent thereof and to directors as compensations in an amount of not more than two percent of such profits. In the event that the Company has accumulated losses, the Company shall reserve an amount to offset accumulated losses. The compensations to employees as mentioned above may be distributed in the form of stock or cash. Employees entitled to receive the said stock or cash may include the employees of the Company's subordinate companies pursuant to the Company Act.

The Company accrued and recognized its employee compensation of \$1,363,545 and \$814,143, respectively, and directors' compensation of \$72,722 and \$43,051 for the years ended December 31, 2024 and 2023, respectively. The estimated amounts mentioned above are based on the net profit before tax without the compensations to employees and directors of each respective ending period, multiplied by the percentage of the compensation to employees and directors, which was approved by the management. The estimations are recorded under operating expenses and cost. The differences between the amounts estimated and recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the distribution year. If the Board of Directors approve to distribute employee compensation in the form of stock, the number of the shares of the employee compensation is based on the closing price of the day before the Board of Directors' meeting, the related information can be accessed through the Market Observation Post System website. There is no difference between the amount approved in the Board of Directors' meeting and those recognized in the financial statements in 2024 and 2023.

There is no differences between the amount estimated and recognized in the financial statements in 2023. The related information can be accessed through the Market observation Post System website.

(t) Non-operating income and expenses

(i) Interest income

The interest income for the years ended December 31, 2024 and 2023, were as follows:

	2024	2023
Interest income from bank deposits	\$ 777,231	789,016
Other interest income	200,626	212,504
	<u>\$ 977,857</u>	<u>1,001,520</u>

(ii) Other income

The other income for the years ended December 31, 2024 and 2023, were as follows:

	2024	2023
Dividend revenue	\$ 312,467	90,278
Government grants	47,469	84,444
Rental revenue	16,296	26,602
Other revenue	135,451	103,067
	<u>\$ 511,683</u>	<u>304,391</u>

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(iii) Other gains and losses

The other gains and losses for the years ended December 31, 2024 and 2023, were as follows:

	<u>2024</u>	<u>2023</u>
Gains (losses) on financial assets and liabilities at fair value through profit or loss, net	\$ 56,831	47,871
Foreign currency exchange (losses) gains, net	1,708,799	(799)
Others	<u>81,522</u>	<u>(338)</u>
	<u><u>\$ 1,847,152</u></u>	<u><u>46,734</u></u>

(u) Financial instruments

(i) Credit risk

- 1) The carrying amount of financial assets represents the maximum amount exposed to credit risk.

The Company's customers are mainly from the high-tech industry. The Company does not concentrate on a specific customer and the sales regions are widely spread, thus there should be no concern on the significant concentrations of accounts receivable credit risk. And in order to mitigate accounts receivable credit risk, the Company constantly assesses the financial status of the customers.

- 2) Receivables and debt securities

For information of exposure to credit risk of notes and accounts receivable, please refer to note (6)(d).

Other financial assets at amortized cost includes other receivables and time deposits. These financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses (Regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(f)). Due to the counter parties and the performing parties of the Company's time deposits are financial institutions with investment grade and above, these time deposits are considered to have low credit risk.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities. Except for lease liabilities, the amounts exclude estimated interest payments.

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
December 31, 2024					
Non-derivative financial liabilities					
Unsecured borrowings	\$ 66,552,425	(66,552,425)	(57,527,425)	(6,725,000)	(2,300,000)
Notes and accounts payable	172,926,676	(172,926,676)	(172,926,676)	-	-
Other payables	13,553,440	(13,553,440)	(13,553,440)	-	-
Lease liabilities—current and non-current	<u>1,033,774</u>	<u>(1,056,027)</u>	<u>(425,508)</u>	<u>(348,553)</u>	<u>(281,966)</u>
	<u>\$ 254,066,315</u>	<u>(254,088,568)</u>	<u>(244,433,049)</u>	<u>(7,073,553)</u>	<u>(2,581,966)</u>
December 31, 2023					
Non-derivative financial liabilities					
Unsecured borrowings	\$ 70,185,100	(70,185,100)	(57,660,100)	(3,500,000)	(9,025,000)
Notes and accounts payable	163,311,482	(163,311,482)	(163,311,482)	-	-
Other payables	12,332,111	(12,332,111)	(12,332,111)	-	-
Lease liabilities—current and non-current	<u>1,041,366</u>	<u>(1,066,268)</u>	<u>(364,918)</u>	<u>(316,947)</u>	<u>(384,403)</u>
	<u>\$ 246,870,059</u>	<u>(246,894,961)</u>	<u>(233,668,611)</u>	<u>(3,816,947)</u>	<u>(9,409,403)</u>

The Company is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	<u>December 31, 2024</u>			<u>December 31, 2023</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets						
Monetary items						
USD to TWD	\$ 9,541,948	32.785	312,832,765	6,898,443	30.705	211,816,692
Non-monetary items						
THB to TWD	15,699,356	0.9642	15,137,319	3,237,791	0.8976	2,906,241
Financial liabilities						
Monetary items						
USD to TWD	9,563,121	32.785	313,526,922	6,832,196	30.705	209,782,578

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable, and other payables that are denominated in foreign currency. Assuming all other variable factors remain constant, a strengthening (weakening) 5% of appreciation (depreciation) of the each major foreign currency against the Company's functional currency as of December 31, 2024 and 2023, would have increased (decreased) the net profit before tax as follows. The analysis is performed on the same basis for both periods.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
USD (against the TWD)		
Strengthening 5%	\$ (34,708)	101,706
Weakening 5%	34,708	(101,706)

3) Exchange gains and losses of monetary items

As the Company deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2024 and 2023, the foreign exchange gains (losses), including both realized and unrealized, amounted to gain \$1,708,799 and loss \$799, respectively.

(iv) Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of assets and liabilities outstanding at the reporting date were outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 0.25%, when reporting to management internally, which also represents the assessment of the Company's management for the reasonably possible interval of interest rate change.

Assuming all other variable factors remaining constant, if the interest rate had increased or decreased by 0.25%, the impact to the net profit before tax would be as follows for the years ended December 31, 2024 and 2023, which would be mainly resulted from the bank savings and borrowings with variable interest rates.

	<u>2024</u>	<u>2023</u>
Interest increased by 0.25%	\$ 7,021	14,727
Interest decreased by 0.25%	(7,021)	(14,727)

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(v) Fair value information

1) The categories and fair value of financial instruments

The Company's financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income were measured at fair value on a recurring basis. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It shall not include fair value information of the financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value and investments in equity instruments which do not have any quoted price in an active market in which the fair value cannot be reasonably measured.

	December 31, 2024				
	Book value	Fair Value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss—non-current					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 413,943	-	-	413,943	413,943
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	4,433,817	4,433,817	-	-	4,433,817
Stocks listed on foreign markets	15,166,260	15,166,260	-	-	15,166,260
Stocks unlisted on domestic markets	316,917	-	-	316,917	316,917
Stocks unlisted on foreign markets	6,000	-	-	6,000	6,000
Accounts receivable	21,115,123	-	21,115,123	-	21,115,123
Subtotal	<u>41,038,117</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	28,834,879	-	-	-	-
Notes and accounts receivable, net	160,257,938	-	-	-	-
Notes and accounts receivable due from related parties, net	16,591,135	-	-	-	-
Other receivables	4,473,175	-	-	-	-
Refundable deposits—current and non-current	232,977	-	-	-	-
Subtotal	<u>210,390,104</u>				
Total	<u>\$ 251,842,164</u>				
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 43,227,425	-	-	-	-
Notes and accounts payable	84,585,742	-	-	-	-
Notes and accounts payable to related parties	88,340,934	-	-	-	-
Other payables	13,553,440	-	-	-	-
Lease liabilities—current and non-current	1,033,774	-	-	-	-
Long-term borrowings current portion	14,300,000	-	-	-	-
Long-term borrowings	9,025,000	-	-	-	-
Deposits received	999	-	-	-	-
Total	<u>\$ 254,067,314</u>				

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

	December 31, 2023				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss—non-current					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 337,855	-	-	337,855	337,855
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	2,752,235	2,752,235	-	-	2,752,235
Stocks listed on foreign markets	2,906,241	2,906,241	-	-	2,906,241
Stocks unlisted on domestic markets	276,342	-	-	276,342	276,342
Stocks unlisted on foreign markets	262,892	-	-	262,892	262,892
Accounts receivable	28,158,504	-	28,158,504	-	28,158,504
Subtotal	<u>34,356,214</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	20,511,690	-	-	-	-
Notes and accounts receivable, net	143,433,458	-	-	-	-
Notes and accounts receivable due from related parties, net	11,475,862	-	-	-	-
Other receivables	3,951,773	-	-	-	-
Refundable deposits -current and non-current	<u>337,145</u>	-	-	-	-
Subtotal	<u>179,709,928</u>				
Total	<u><u>\$ 214,403,997</u></u>				
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 46,917,800	-	-	-	-
Notes and accounts payable	80,947,046	-	-	-	-
Notes and accounts payable to related parties	82,364,436	-	-	-	-
Other payables	12,332,111	-	-	-	-
Lease liabilities—current and non-current	1,041,366	-	-	-	-
Long-term borrowings current portion	10,742,300	-	-	-	-
Long-term borrowings	12,525,000	-	-	-	-
Deposits received	<u>999</u>	-	-	-	-
Total	<u><u>\$ 246,871,058</u></u>				

(Continued)

COMPAL ELECTRONICS, INC.
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2) Fair value valuation technique of financial instruments not measured at fair value

The Company estimates financial instruments that not measured at fair value by methods and assumption as follows:

- a) Financial assets measured at amortized cost and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Fair value valuation technique of financial instruments measured at fair value

- a) Non-derivative financial instruments

Financial instruments trade in active markets is based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a base to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of a non-active market.

The fair value of the listed company is determined by reference to the market quotation.

The measurements on fair value of the financial instruments without an active market are determined using the valuation technique or the quoted market price of its competitors. Fair value measured using the valuation technique can be extrapolated from similar financial instruments, discounted cash flow method, or other valuation techniques which include the model used in calculating the observable market data at the balance sheet date.

The measurement of fair value of a non-active market financial instruments held by the Company which do not have quoted market prices are based on the comparable market approach, with the use of key assumptions of price-book ratio multiple or earnings multiple of comparable listed companies as its basic measurement. These assumptions have been adjusted for the effect of discount without the marketability of the equity securities.

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COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of forward currency exchange is usually determined by using the forward currency rate.

4) Transfer from one level to another

The Company held an investment in equity of ITH Corporation and zSpace, Inc., which was classified as a financial asset at fair value through other comprehensive income. The fair value of the investment was originally categorized as Level 3 on December 31, 2023. This was because the shares were not listed on the exchange market and was measured by significant unobservable inputs. However, in November and December 2024, ITH Corporation and zSpace, Inc. listed their equity shares on an exchange and they are currently actively traded in the market. Since the equity shares now have a published price quotation in an active market, the fair value measurement was transferred from Level 3 to Level 1 as of December 31, 2024.

The Company held an investment in equity of Taiwan Star, which was classified as a financial asset at fair value through other comprehensive income. On December 1, 2023, Taiwan Star was absorbed and merged by Taiwan Mobile, and Taiwan Star's shares were exchanged for Taiwan Mobile's shares, wherein they were actively traded, thus their fair value measurement was transferred from Level 3 to Level 1 as of December 31, 2023.

5) Changes in Level 3

The change in Level 3 at fair value in the years ended December 31, 2024 and 2023, were as follow:

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2024	\$ 337,855	539,234	877,089
Total gains and losses recognized:			
In profit or loss	56,831	-	56,831
In other comprehensive income	-	218,086	218,086
Purchased	44,257	40,060	84,317
Disposal	-	(12,601)	(12,601)
Proceeds of capital reduction of investment	(25,000)	-	(25,000)
Transferred out form Level 3	-	(461,862)	(461,862)
Balance on December 31, 2024	<u>\$ 413,943</u>	<u>322,917</u>	<u>736,860</u>

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2023	\$ 249,567	866,439	1,116,006
Total gains and losses recognized:			
In profit or loss	47,871	-	47,871
In other comprehensive income	-	(143,488)	(143,488)
Purchased	40,417	308,850	349,267
Disposal	-	(47,921)	(47,921)
Proceeds of capital reduction of investment	-	(3,420)	(3,420)
Transferred out from level 3	-	(441,226)	(441,226)
Balance on December 31, 2023	<u>\$ 337,855</u>	<u>539,234</u>	<u>877,089</u>

For the years ended December 31, 2024 and 2023, total gains and losses that were included in “other gains and losses, net” and “unrealized gains and losses from equity instruments at fair value through other comprehensive income”, respectively were as follows:

	<u>2024</u>	<u>2023</u>
Total gains and losses recognized:		
In profit or loss (as “other gains and losses, net”)	<u>\$ 56,831</u>	<u>47,871</u>
In other comprehensive income (as “unrealized gains and losses from equity instruments at fair value through other comprehensive income”)	<u>\$ (23,608)</u>	<u>(90,840)</u>

- 6) The quantified information for significant unobservable inputs (Level 3) used in fair value measurement

The Company’s financial instruments that use Level 3 input to measure fair values include financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

Most of fair value measurements of the Company which are categorized as equity investment into Level 3 have several significant unobservable inputs. Significant unobservable inputs of equity investments without quoted price are independent of each other.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

The quantified information for significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationships between significant unobservable inputs and fair value</u>
Financial assets at fair value through other comprehensive income — equity investment without an active market	Comparable market approach (Price-Book ratio method and Earnings multiplier method)	Price-Book ratio multiples (1.94~3.36 and 0.75~2.09, respectively, on December 31, 2024 and 2023) Lack-of-Marketability discount rate (40%~65% on December 31, 2024 and 2023)	The higher the multiple is, the higher the fair value will be. The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.
Financial assets at fair value through other comprehensive income	Net asset value method	Net asset value	Inapplicable
Financial assets at fair value through profit or loss	Net asset value method	Net asset value	Inapplicable

7) Sensitivity analysis for fair value of financial instruments using Level 3 inputs

The Company's fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or valuation parameters are used. For financial instruments using Level 3 inputs, if the valuation parameters changed, the impact on other comprehensive income or loss are as follows:

			<u>Other comprehensive income</u>	
	<u>Input</u>	<u>Move up or down</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
December 31, 2024				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	<u><u>\$ 11,930</u></u>	<u><u>9,176</u></u>
	Lack-of-Marketability discount rate	5%	<u><u>\$ 1,103</u></u>	<u><u>3,857</u></u>

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COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

			Other comprehensive income	
	Input	Move up or down	Favorable change	Unfavorable change
December 31, 2023				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>8,434</u>	<u>8,311</u>
	Lack-of-Marketability discount rate	5%	\$ <u>2,962</u>	<u>3,085</u>

The favorable and unfavorable changes reflect the movement of the fair value, in which the fair value is calculated by using the different unobservable inputs in the valuation technique. The table above shows the effects of one unobservable input, without considering the inter-relationships with another unobservable input for financial instrument, if there are one or more unobservable inputs.

(v) Financial risk management

(i) Overview

The Company is exposed to the following risks arising from financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management of the Company. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Company's finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

The Company minimizes the risk exposure through derivative financial instruments. The Board of Directors regulated the use of derivative financial instruments in accordance with the Company's policy about risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and the investments of excess liquidity. The internal auditors of the Company continue with the review of the amount of the risk exposure in accordance with the Company's policies and the risk management policies and procedures. The Company has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

1) Accounts receivable and other receivables

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, and these limits are reviewed periodically.

2) Investments

The credit risks exposure in the bank deposits, investments with fixed income and other financial instruments are measured and monitored by the Company's finance department. Since the Company's transaction counterparties and the contractually obligated counterparties are banks, financial institutes and corporate organizations with good credits, there are no compliance issues, and therefore, no significant credit risk.

3) Guarantees

Pursuant to the Company's policies, it is only permissible to provide financial guarantees to subsidiaries and companies that the Company has business with. As of December 31, 2024 and 2023, the guarantees provide to the subsidiaries amounted to \$17,492,383 and \$400,816, respectively.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities which be settled by delivering cash or another financial asset.

The Company manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements. Please refer to notes (6)(k) and (6)(l) for unused credit lines of short-term and long-term borrowings as of December 31, 2024 and 2023.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Company, primarily USD.

As for other monetary assets and liabilities denominated in other foreign currencies, when short-term imbalance takes place, the Company buys or sells foreign currencies at spot rate to ensure that the net exposure is kept on an acceptable level.

2) Interest rate risk

The Company borrows funds on fixed and variable interest rates, which has a risk exposure to changes in fair value and cash flow. Therefore, the Company manages the interest rates risk by maintaining an adequate combination of fixed and variable interest rates.

3) Other price risk

The Company is exposed to equity price risk arising from investments in listed equity securities.

(w) Capital management

The policy of capital management made by the Board of Directors is to maintain a strong capital base so as to stabilize the confidence of the investors, creditors and the public market and to sustain future development of the business. Capital consists of ordinary shares, capital surplus and retained earnings. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company monitors the capital structure by way of periodical review the debt ratio. As of December 31, 2024 and 2023, the debt ratio was as follows:

	December 31, 2024	December 31, 2023
Total liabilities	<u>\$ 270,185,741</u>	<u>258,671,767</u>
Total assets	<u>\$ 412,650,451</u>	<u>378,293,762</u>
Debt ratio	<u>65.5 %</u>	<u>68.4 %</u>

The Company could purchase its own shares in the public market in accordance with the corresponding rules and regulations. The timing of the purchases depends on market prices.

As of December 31, 2024, there were no changes in the Company's approach of capital management.

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COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(x) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2024 and 2023 were acquisition of right-of-use assets by leasing, please refer to note (6)(j).

Reconciliation of liabilities arising from financial activities was as follows:

	January 1, 2024	Cash flow	Other non- cash changes	December 31, 2024
Short-term borrowings	\$ 46,917,800	(3,690,375)	-	43,227,425
Long-term borrowings	23,267,300	57,700	-	23,325,000
Lease liabilities	1,041,366	(434,861)	427,269	1,033,774
Deposits received	999	-	-	999
Total liabilities from financing activities	<u>\$ 71,227,465</u>	<u>(4,067,536)</u>	<u>427,269</u>	<u>67,587,198</u>

	January 1, 2023	Cash flow	Other non- cash changes	December 31, 2023
Short-term borrowings	\$ 53,068,579	(6,150,779)	-	46,917,800
Long-term borrowings	30,525,000	(7,257,700)	-	23,267,300
Lease liabilities	1,040,980	(438,966)	439,352	1,041,366
Deposits received	4,598	(3,599)	-	999
Total liabilities from financing activities	<u>\$ 84,639,157</u>	<u>(13,851,044)</u>	<u>439,352</u>	<u>71,227,465</u>

(7) Related-party transactions:

(a) Name and relationship with related parties

The following are the Company's subsidiaries and entities that had transactions with related party during the periods covered in the parent-company-only financial statements.

Name of related party	Relationship with the Company
Panpal Technology Corp. ("Panpal")	The Company's subsidiary
Gempal Technology Corp. ("Gempal")	The Company's subsidiary
Hong Ji Capital Co., Ltd. ("Hong Ji")	The Company's subsidiary
Hong Jin Investment Co., Ltd. ("Hong Jin")	The Company's subsidiary
Arcadyan	The Company's subsidiary
Rayonnant Technology Co., Ltd. ("Rayonnant Technology")	The Company's subsidiary

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

Name of related party	Relationship with the Company
HengHao Technology Co., Ltd. (“HengHao”)	The Company’s subsidiary
Ripal Optortronics Co., Ltd. (“Ripal”)	The Company’s subsidiary
Auscom Engineering Inc. (“Auscom”)	The Company’s subsidiary
Just International Ltd. (“Just”)	The Company’s subsidiary
Compal International Holding Co., Ltd. (“CIH”)	The Company’s subsidiary
Compal Electronics (Holding) Ltd. (“CEH”)	The Company’s subsidiary
Bizcom Electronics, Inc. (“Bizcom”)	The Company’s subsidiary
Flight Global Holding Inc. (“FGH”)	The Company’s subsidiary
High Shine Industrial Corp. (“HSI”)	The Company’s subsidiary
Compal Europe (Poland) Sp. z o.o. (“CEP”)	The Company’s subsidiary
Big Chance International Co., Ltd. (“BCI”)	The Company’s subsidiary
Compal Rayonnant Holdings Limited (“CRH”)	The Company’s subsidiary
Core Profit Holdings Limited (“CORE”)	The Company’s subsidiary
Compalead Electronics B.V. (“CPE”)	The Company’s subsidiary
Compalead Eletronica do Brasil Industria e Comercio Ltda. (“CEM”)	The Company’s subsidiary
Compal Techchnologia do Brasil (“CTB”)	The Company’s subsidiary
Compal Display Holding (HK) Limited (“CDH (HK)”)	The Company’s subsidiary
Compal Electronics International Ltd. (“CII”)	The Company’s subsidiary
Compal International Ltd. (“CPI”)	The Company’s subsidiary
Compal Electronics (China) Co., Ltd. (“CPC”)	The Company’s subsidiary
Compal Optoelectronics (Kunshan) Co., Ltd. (“CPO”)	The Company’s subsidiary
Compal System Trading (Kunshan) Co., Ltd. (“CST”)	The Company’s subsidiary
Smart International Trading Ltd. (“Smart”)	The Company’s subsidiary
Amexcom Electronics Inc. (“AEI”) (Note 1)	The Company’s subsidiary
Mexcom Electronics, LLC (“MEL”)	The Company’s subsidiary
Mexcom Technologies, LLC (“MTL”)	The Company’s subsidiary
Compal Mexico Electromex S.A de C.V. (“CMX”)	The Company’s subsidiary
Compal Americas (US) Inc. (“CUS”)	The Company’s subsidiary
Compal Electronics N.A. Inc. (“CNA”)	The Company’s subsidiary
Compal International Holding (HK) Limited (“CIH (HK)”)	The Company’s subsidiary
Jenpal International Ltd. (“Jenpal”)	The Company’s subsidiary

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COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

Name of related party	Relationship with the Company
Prospect Fortune Group Ltd. (“PFG”)	The Company’s subsidiary
Compal Electronics Technology (Kunshan) Co., Ltd. (“CET”)	The Company’s subsidiary
Compal Information (Kunshan) Co., Ltd. (“CIC”)	The Company’s subsidiary
Compal Information Technology (Kunshan) Co., Ltd. (“CIT”)	The Company’s subsidiary
Kunshan Botai Electronics Co., Ltd. (“BT”)	The Company’s subsidiary
Compal Digital Technology (Kunshan) Co., Ltd. (“CDT”)	The Company’s subsidiary
Compower Global Service Co., Ltd. (“CGS”)	The Company’s subsidiary
Compal Investment (Jiansu) Co., Ltd. (“CIJ”)	The Company’s subsidiary
Compal Display Electronics (Kunshan) Co., Ltd. (“CDE”)	The Company’s subsidiary
Etrade Management Co., Ltd. (“Etrade”)	The Company’s subsidiary
Webtek Technology Co., Ltd. (“Webtek”)	The Company’s subsidiary
Forever Young Technology Inc. (“Forever”)	The Company’s subsidiary
Unicom Global, Inc. (“UCGI”)	The Company’s subsidiary
Palcom International Corporation (“Palcom”)	The Company’s subsidiary
Compal Communication (Nanjing) Co., Ltd. (“CCI Nanjing”)	The Company’s subsidiary
Compal Digital Communication (Nanjing) Co., Ltd. (“CDCN”)	The Company’s subsidiary
Compal Wireless Communication (Nanjing) Co., Ltd. (“CWCN”)	The Company’s subsidiary
Hanhelt Communication (Nanjing) Co., Ltd. (“Hanhelt”)	The Company’s subsidiary
Giant Rank Trading Ltd. (“GIA”)	The Company’s subsidiary
Arcadyan Technology N.A. Corp. (“Arcadyan USA”)	The Company’s subsidiary
Arcadyan Germany Technology GmbH (“Arcadyan Germany”)	The Company’s subsidiary
Arcadyan Technology Corporation Korea (“Arcadyan Korea”)	The Company’s subsidiary
Arcadyan India Private Limited (“Arcadyan India”)	The Company’s subsidiary
Arcadyan Holding (BVI) Corp. (“Arcadyan Holding”)	The Company’s subsidiary
Arcadyan do Brasil Ltda. (“Arcadyan Brasil”)	The Company’s subsidiary
Arcadyan Technology Limited (“Arcadyan UK”)	The Company’s subsidiary
Arcadyan Technology Australia Pty Ltd. (“Arcadyan AU”)	The Company’s subsidiary
Arcadyan Technology Corporation (Russia), LLC. (“Arcadyan RU”)	The Company’s subsidiary
Arcadyan Turkey Technology and Trade Joint Stock Company (“Arcadyan Turkey”)	The Company’s subsidiary
Zhi-Bao Technology Inc. (“Zhi-Bao”)	The Company’s subsidiary
Tatung Technology Inc. (“TTI”)	The Company’s subsidiary
CBN	The Company’s subsidiary

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COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

Name of related party	Relationship with the Company
Compal Broadband Networks Belgium BVBA (“CBNB”)	The Company’s subsidiary
Compal Broadband Networks Netherlands B.V. (“CBNN”)	The Company’s subsidiary
Sinoprime Global Inc. (“Sinoprime”)	The Company’s subsidiary
Arcadyan Technology (Vietnam) Co., Ltd. (“Arcadyan Vietnam”)	The Company’s subsidiary
Arcadyan Technology (Shanghai) corp. (“SVA Arcadyan”)	The Company’s subsidiary
Arch Holding (BVI) Corp. (“Arch Holding”)	The Company’s subsidiary
Compal Networking (Kunshan) Co., Ltd. (“CNC”)	The Company’s subsidiary
Quest International Group Co., Ltd. (“Quest”)	The Company’s subsidiary
Exquisite Electronic Co., Ltd. (“Exquisite”)	The Company’s subsidiary
Tatung Home Appliances (Wujiang) Co., Ltd. (“THAC”)	The Company’s subsidiary
Tatung Technology of Japan Co., Ltd. (“TTJC”) (Note 2)	The Company’s subsidiary
Intelligent Universal Enterprise Ltd. (“IUE”)	The Company’s subsidiary
Goal Reach Enterprises Ltd. (“Goal”)	The Company’s subsidiary
Compal (Vietnam) Co., Ltd. (“CVC”)	The Company’s subsidiary
Compal Development & Management (Vietnam) Co., Ltd. (“CDM”)	The Company’s subsidiary
Allied Power Holding Corp. (“APH”)	The Company’s subsidiary
Primetek Enterprises Limited (“PEL”)	The Company’s subsidiary
Rayonnant Technology (HK) Co., Ltd. (“Rayonnant Technology (HK)”)	The Company’s subsidiary
Royonnant Technology (Taicang) Co., Ltd. (“Rayonnant Technology (Taicang)”)	The Company’s subsidiary
HengHao Holdings A Co., Ltd. (“HHA”)	The Company’s subsidiary
HengHao Holdings B Co., Ltd. (“HHB”)	The Company’s subsidiary
HengHao Optoelectronics Technology (Kunshan) Co., Ltd. (“HengHao Kunshan”)	The Company’s subsidiary
LUCOM Display Technology (Kunshan) Limited (“Lucom”) (Note 3)	The Company’s subsidiary
HengHao Optoelectronics Technology (Zhejiang) Co., Ltd. (“HengHao Zhejiang”)	The Company’s subsidiary
Center Mind International Co., Ltd. (“CMI”)	The Company’s subsidiary
Prisco International Co., Ltd. (“PRI”)	The Company’s subsidiary
Compal Electronic (Sichuan) Co., Ltd. (“CIS”)	The Company’s subsidiary
Compal Electronic (Chongqing) Co., Ltd. (“CEQ”)	The Company’s subsidiary
Compal Electronic (Chengdu) Co., Ltd. (“CEC”)	The Company’s subsidiary
Compal Management (Chengdu) Co., Ltd. (“CMC”)	The Company’s subsidiary
Compal Smart Device (Chongqing) Co., Ltd. (“CSD”)	The Company’s subsidiary

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COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

Name of related party	Relationship with the Company
FIPOLL Electronics (Chongqing) Co., Ltd. (“FIP”)	The Company’s subsidiary
Billion Sea Holdings Limited (“BSH”)	The Company’s subsidiary
Mithera Capital Io LP (“Mithera”)	The Company’s subsidiary
Compal USA (Indiana), Inc. (“CIN”)	The Company’s subsidiary
Compal Electronics (Vietnam) Co., Ltd. (“CEV”)	The Company’s subsidiary
Fortune Way Technology Corp. (“FWT”)	The Company’s subsidiary
General Life Biotechnology Co., Ltd. (“GLB”)	The Company’s subsidiary
PT GLB BIOTECHNOLOGY INDONESIA	The Company’s subsidiary
Mactech Co., Ltd. (“Mactech”)	The Company’s subsidiary
Compal Electronics India Private Limited (“CEIN”)	The Company’s subsidiary
Compal Smart Device India Private Limited (CSIN)	The Company’s subsidiary
Shennona Corporation (“Shennona”)	The Company’s subsidiary
Unicore BioMedical Co., Ltd. (“Unicore”)	The Company’s subsidiary
Hippo Screen	The Company’s subsidiary
Shennona Co., Ltd. (“Shennona TW”)	The Company’s subsidiary
Aco Smartcare	The Company’s subsidiary
Starmems	The Company’s subsidiary
Kinpo&Compal Group Assets Development Corporation (“Kinpo&Compal Assets Development”)	The Company’s subsidiary
Compal Electronica DA Amazonia Ltda. (“CEA”) (Note 7)	The Company’s subsidiary
Compal Wise Electronic (Vietnam) Co., Ltd. (“CWV”)	The Company’s subsidiary
CGS Technology (Poland) Sp. z o.o. (“CGSP”)	The Company’s subsidiary
Compal Ruifang Health Assets Development Corporation (“Compal Ruifang”)	The Company’s subsidiary
Compal Healthcare & Technology Ltd. (“Compal Healthcare”)	The Company’s subsidiary
Poindus Systems Corp, Ltd. (“Poindus Systems”)	The Company’s subsidiary
Poindus Investment Co., Ltd. (“Poindus Investment”)	The Company’s subsidiary
QiJie Electronics (ShenZhen) Co., Ltd. (“QiJie”)	The Company’s subsidiary
Poindus Systems UK Limited (“Poindus UK”)	The Company’s subsidiary
Adasys GmbH Elektronische Komponenten (“Adasys”)	The Company’s subsidiary
Varlink Limited (Varlink)	The Company’s subsidiary
Poindus Systems GmbH Großhandel mit EDV. Oberursel (“Poindus GmbH”) (Note 4)	The Company’s subsidiary
EPOS Distribution Limited (EPOS)	The Company’s subsidiary

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COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

Name of related party	Relationship with the Company
Compal Connector Manufacture Ltd. (“CCM”)	A joint venture company
Compal Precision Module (Jiangsu) Co., Ltd. (“CPM”)	An associate
Changbao Electronic Technology (Chongqing) Co., Ltd. (“Changbao”)	An associate
Avalue	An associate
Crownpo Technology Inc. (“Crownpo”)	An associate
Allied Circuit	An associate
LIZ Electronics (Kunshan) Co., Ltd.	An associate
LIZ Electronics (Nantong) Co., Ltd.	An associate
ARCE Therapeutics Co., Ltd. (“ARCE”)	An associate
Raypal Biomedical Co., Ltd. (“Raypal”)	An associate
River Regeneration and Rejuvenation Biotechnology Co. Ltd. (“River Regeneration ”)	An associate
Hong Ya Technology Corporation (“Hong Ya Technology”)	An associate
Kinpo Group Management Consultant Company (“Kinpo Group Management”)	An associate
Genki Compal Long-Term Care Corporation Aggregate (“Genki Compal ”)	An associate
AcBel Polytech Inc. (AcBel) and its subsidiaries (“AcBel”)	Substantial related party (Note 5)
Cal-Comp Electronics (Thailand) Public Company Limited (“Cal-Comp”)	Substantial related party (Note 6)
Kinpo Electronics, Inc. (“Kinpo”)	Substantial related party (Note 6)

Note 1: Since the liquidation of AEI was completed in February 2023, AEI was no longer being the Company’s subsidiary.

Note 2: Since the liquidation of TTJC was completed in November 2024, TTJC was no longer being the Company's subsidiary.

Note 3: Since the liquidation of Lucom was completed in May 2024, Lucom was no longer being the Company's subsidiary.

Note 4: Since the liquidation of Poindus GmbH was completed in September 2024, Poindus GmbH was no longer being the Company's subsidiary.

Note 5: The chairman of the board of Acbel was the first degree of kinship of the former chairman of the board of the Company. Due to the expiration of the term of the chairman of the board of the Company, Acbel became the substantial related party of the Group since May 31, 2024.

Note 6: The chairman of the board of Cal-Comp and Kinpo was the same chairman of the board of the Company. Due to the expiration of the term of the chairman of the board of the Company, Cal-Comp and Kinpo became the substantial related parties of the Group since May 31, 2024.

Note 7: CEA was absorbed and merged by CEM since 2024.

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COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(b) Transactions with key management personnel

Key management personnel remunerations comprised:

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 598,103	533,774
Post-employment benefits	<u>5,617</u>	<u>5,711</u>
	<u>\$ 603,720</u>	<u>539,485</u>

There are no termination benefits and other long-term benefits.

(c) Significant related-party transactions

(i) Sale of goods to related parties

The amounts of significant sales transactions between the Company and related parties were as follows:

	<u>2024</u>	<u>2023</u>
Subsidiaries	\$ 5,645,194	1,924,106
Associates	168	168
Other related parties	<u>1,060</u>	<u>15,710</u>
	<u>\$ 5,646,422</u>	<u>1,939,984</u>

Sales prices for related parties were similar to those of the third-party customers. The collection period was 45~180 days for related parties.

(ii) Purchase of goods from related parties

The amounts of significant purchase transactions between the Company and related parties were as follows:

	<u>2024</u>	<u>2023</u>
Subsidiaries	\$ 211,209,814	276,129,176
Associates	1,549	1,431
Other related parties	<u>43,494,658</u>	<u>45,844,067</u>
	<u>\$ 254,706,021</u>	<u>321,974,674</u>

Purchase prices and payment period from related parties were similar to those from third-party suppliers. The payment period was 60~120 days for related parties.

(iii) Product warranty service expenses

The product warranty service expenses paid to subsidiaries for the years ended December 31, 2024 and 2023, amounted to \$217,364 and \$361,120, respectively. As of December 31, 2024 and 2023, the unpaid warranty service expenses were record as other payables.

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COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(iv) Technical service expense

The Company engaged its subsidiaries to research and develop of notebooks, and the related technical service expenses for the years ended December 31, 2024 and 2023, amounted to \$248,543 and \$197,057, respectively. As of December 31, 2024 and 2023, the unpaid technical service expenses were recorded as other payables.

(v) Receivables due from relate parties

The receivables arising from the transactions mentioned above, the sale of machinery and equipment to related parties, and the purchasing of equipment, mold and others on behalf of the related parties as of December 31, 2024 and 2023, were as follows:

<u>Account</u>	<u>Related party categories</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes and accounts receivable	Subsidiaries	\$ 9,310,540	5,092,643
Notes and accounts receivable	Other related parties	7,280,595	6,407,326
Other receivables	Subsidiaries - Others	456,411	280,043
Other receivables	Associates	1,342	1,514
Other receivables	Other related parties	<u>52</u>	<u>64</u>
		17,048,940	11,781,590
Less: Credit balance of investments accounted for using the equity method		<u>-</u>	<u>(24,107)</u>
		<u>\$ 17,048,940</u>	<u>11,757,483</u>

As of December 31, 2024 and 2023, the Company's investment accounted for using the equity method in subsidiaries was a credit balance, recorded as a deduction from account receivables and other receivables (other receivables) – related party. Please refer to note (6)(g).

(vi) Payables to related parties

The payables to related parties as of December 31, 2024 and 2023, were as follows:

<u>Account</u>	<u>Related party categories</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes and accounts payable	Subsidiaries - CIT	\$ 42,484,944	36,056,165
Notes and accounts payable	Subsidiaries - Others	36,938,871	36,734,285
Notes and accounts payable	Associates	678	628
Notes and accounts payable	Other related parties	8,916,441	9,573,358
Other payables	Subsidiaries	362,847	233,282
Other payables	Associates	1,112	-
Other payables	Other related parties	<u>16,900</u>	<u>21,788</u>
		<u>\$ 88,721,793</u>	<u>82,619,506</u>

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(vii) Property transactions—Acquisitions of financial assets

The acquisitions of financial assets from related parties are summarized as follows:

Relationship	Item	2024			2023		
		Number of shares	Object	Acquisition price	Number of shares	Object	Acquisition price
Subsidiaries-CGSP	Investment accounted for using the equity method	Note 1	The Company increased the capital of its subsidiaries-CGSP, by cash	563,000 (EUR16,000 and PLN238)			
Subsidiaries-CEP	Investment accounted for using the equity method	Note 1	The Company increased the capital of its subsidiaries-CEP, by cash	295,397 (EUR8,300)			
Subsidiaries-HengHao	Investment accounted for using the equity method	29,000 thousand shares	Common stocks of HengHao issued through cash capital increase	290,000			
Subsidiaries- Kinpo & Compal Assets Development	Investment accounted for using the equity method				350,000 thousand shares	Common stocks of Kinpo & Compal Assets Development cash capital increase	3,500,000
Other related party – Acbel	Acquisition of financial assets at fair value through other comprehensive income				6,685 thousand shares	Common stocks of Acbel issued through cash capital increase	259,378
Other related parties – Cal Comp	Acquisition of financial assets at fair value through other comprehensive income				1,249,490 thousand shares	Common stocks of Cal-Comp issued through cash capital increase	1,718,266 (THB1,874,205)

Note 1: A limited company, therefore no number of shares.

In 2024 and 2023, the Company increased the capitals of both of its subsidiaries and associates by cash, amounting to \$201,585 and \$479,240, respectively.

(viii) Property transactions—Disposal of property, plant and equipment

In 2024 and 2023, the Company sold machinery to its subsidiaries, CVC and CSIN for \$70,630 and \$245,656, with the outstanding amounts of \$7,480 and \$187,645, respectively, which were recorded as other receivables. Because these were inter group transactions, the disposal gains of \$63,579 and \$201,514, respectively, were unrealized and were recorded as deductions from investments accounted for using the equity method.

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COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(ix) Loans to related parties

The interest rate of unsecured loans to subsidiaries was 2.36%~5.29%, and the Company had assessed that no bad debt expenses should be recognized. As of December 31, 2024 and 2023, the loans due to related parties were recorded as other receivables.

Account	Related party categories	December 31, 2024	December 31, 2023
Other receivables	Subsidiaries - CEM	\$ 1,803,175	921,150
Other receivables	Subsidiaries - CTB	1,311,400	-
Other receivables	Subsidiaries - CSIN	327,850	-
Other receivables	Subsidiaries - UCGI	230,000	230,000
Other receivables	Subsidiaries - CEA	-	1,995,825
Other receivables	Subsidiaries - Heng Hao	-	200,000
Other receivables	Subsidiaries - CEP	-	61,410
Less: Credit balance of investments in equity method		-	(200,000)
		<u><u>\$ 3,672,425</u></u>	<u><u>3,208,385</u></u>

As of December 31, 2024 and 2023, the Company's investment accounted for using the equity method in some subsidiaries was a credit balance, recorded as a deduction from other receivables – related parties (classified as other receivables). Please refer to note (6)(g).

(x) Guarantees

As of December 31, 2024 and 2023, the guarantees provided to subsidiaries were \$17,492,383 and \$400,816, respectively.

(8) Pledged assets: None.

(9) Commitments and contingencies:

The details of commitments and contingencies were as follows:

- (a) In August 2019, Inventec Corporation filed a lawsuit to the Taiwan Taipei District Prosecutors Office against the Company concerning its former employees who joined the Company. This is deemed as an act of violation according to the Trade Secret Law and Copyright Law. The Company engaged lawyers to defend its right on this matter. Currently, the case is still in progress in Taipei District Court; therefore, the Company cannot make any reasonable estimation regarding the possible impact on its business operation.
- (b) The Company entered into various patent license agreements with third parties, and was required to make royalty payments of a predetermined amount periodically.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

The employee benefits, depreciation and amortization expenses by categorized function are summarized as follows:

By function By item	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	879,504	11,392,033	12,271,537	1,087,584	11,160,350	12,247,934
Labor and health insurance	77,370	740,042	817,412	79,553	757,930	837,483
Pension	26,936	429,867	456,803	29,177	417,847	447,024
Remuneration of directors	-	85,435	85,435	-	53,010	53,010
Others	134,151	528,419	662,570	133,880	438,592	572,472
Depreciation	144,335	645,287	789,622	145,727	680,925	826,652
Amortization	10,635	499,308	509,943	9,067	507,924	516,991

For the years ended December 31, 2024 and 2023, the information on the number of employees and employee benefit expense of the Company is as follows:

	2024	2023
Number of employees (Average salaries)	<u>8,470</u>	<u>8,720</u>
Number of directors (non-employees)	<u>12</u>	<u>11</u>
Average benefit expense of employees	<u>\$ 1,680</u>	<u>1,620</u>
Average salary expense of employees	<u>\$ 1,451</u>	<u>1,406</u>
Percentage of change in average salary expense of employees	<u>3.20 %</u>	<u>8.99 %</u>
Remuneration received by supervisors	<u>\$ -</u>	<u>-</u>

Information about salary and compensation policies (including directors, managers and employees) of the Company is as follows:

Directors' remuneration is allocated according to the terms of the Articles of the Incorporation, and no more than 2% of the Company's pre-tax profit in the fiscal year, excluding employees' and directors' compensations, shall be paid to directors as remuneration along with reasonable compensation based on other factors to be taken into consideration, such as the Company's operational performance and the individual directors' contribution to the Company's performance.

Remuneration of the independent directors' of the Company is allocated according to the terms of the Articles of the Incorporation, as well as the involvement level in the corporate operation, contribution value, responsibility that is taken, risk that is borne by the independent directors and reference of competitors from the same industry. The remuneration is proposed by the Remuneration Committee and resolved by the Board of Directors.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

The Company's remuneration policy for managers has been established based on various factors including the Company's wage policy, the average wage offered by competitors for the same position, the duties and responsibilities for the position in question, and the manager's actual contribution to the Company's operational objectives.

The Company's procedure for determining remuneration takes into account the Company's overall operational performance as well as includes employee's personal performance and their contribution to the Company's performance in order to determine a reasonable compensation. Relevant salaries and compensations are reviewed by the Remuneration Committee and resolved by the Board of Directors. The Company will frequently examine the latest developments in the global economy, international financial environment, and change of the industry condition in order to predict its operational development, profit status, operational risks and changes in pertinent regulations in the near future in order to review the compensation system, thereby reach a balance between the Company's sustainable operation and relevant risk control.

(13) Other disclosures:

(a) Information on significant transactions

The following were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2024:

- (i) Loans to other parties: Please refer to Table 1
- (ii) Guarantees and endorsements for other parties: Please refer to Table 2
- (iii) Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 4
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 5
- (vi) Disposals of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 6
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 7
- (ix) Trading in derivative instruments: None.

(b) Information on investees: Please refer to Table 8

(c) Information on investment in mainland China: Please refer to Table 9

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Consolidated Financial Statements

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF		360,114,000	8.17 %
Yuanta Taiwan Dividend Plus ETF		232,228,612	5.26 %

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

Note 2: If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

(14) Segment information:

Please refer to the consolidated financial report of 2024.

COMPAL ELECTRONICS, INC.

Statement of cash and cash equivalents

December 31, 2024

**(Expressed in thousands of New Taiwan Dollars;
in thousands of Foreign Currency)**

Item	Description	Amount
Cash on hand		\$ <u>1,392</u>
Checking account and demand deposits	TWD	1,481,969
	Foreign currency (USD\$391,536 and others)	<u>12,858,023</u>
		<u>14,339,992</u>
Time deposits	Foreign currency (USD\$385,000, Maturity date: 2025.1.5~2025.1.9, Rate: 4.68%~4.96%)	12,622,225
		<u>12,622,225</u>
Cash equivalents:		
Bonds purchased under resale agreements	TWD	1,150,000
	Foreign currency (USD\$22,000, Maturity date: 2025.1.2~2025.1.7, Rate: 4.78%~4.80%)	<u>721,270</u>
		<u>1,871,270</u>
Total		<u><u>\$ 28,834,879</u></u>

Note: The exchange rate is 32.785 New Taiwan dollars for 1 US Dollar.

(Continued)

COMPAL ELECTRONICS, INC.

Statement of notes and accounts receivable

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
D Company	Sales of non-related parties	\$ 111,988,189
E Company	"	34,748,439
A Company	"	18,383,607
Others (Note)	"	<u>20,018,172</u>
		185,138,407
Less: allowance for uncollectible accounts		<u>(3,765,346)</u>
Notes and accounts receivable, net		<u><u>\$ 181,373,061</u></u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

Statement of inventories

<u>Item</u>	<u>Cost</u>	<u>Net Realizable Value</u>
Finished goods	\$ 5,934,498	6,108,873
Work in progress	1,450,246	1,450,246
Raw materials	<u>30,415,589</u>	<u>30,415,589</u>
Total	<u><u>\$ 37,800,333</u></u>	<u><u>37,974,708</u></u>

(Continued)

COMPAL ELECTRONICS, INC.

Statement of changes in accumulated impairment of investments accounted for using the equity method

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars; thousands of shares)

Investee Company	Beginning Balance		Increase (Note 1)		Decrease (Note 2)		Share of profit recognized	Ending Balance (including impairment loss)					Market Price / Net Value
	Number of shares	Amount (not including exchange differences on transaction of foreign financial statements)	Number of shares	Amount	Number of shares	Amount		Number of shares	Amount (not including exchange differences on transaction of foreign financial statements)	Exchange differences on transaction of foreign financial statements	Ending Balance (including exchange differences on transaction of foreign statements)		
Auscom	3,000	\$ 163,116	-	-	-	-	4,016	3,000	167,132	1,601	168,733	168,733	
Panpal	500,000	6,084,184	-	800,172	-	2,085	(1,075,312)	500,000	5,806,959	(508,906)	5,298,053	5,853,982	
Just	48,010	10,747,429	-	-	-	256,011	372,544	48,010	10,863,962	468,677	11,332,639	11,588,650	
CIH	53,001	45,233,712	-	-	-	-	2,602,466	53,001	47,836,178	2,948,090	50,784,268	50,771,420	
CEH	1	3,906,656	-	-	-	-	-	1	3,906,656	(43,021)	3,863,635	3,863,635	
Gempal	90,000	2,066,373	-	23,518	-	146,519	133,487	90,000	2,076,859	(6,712)	2,070,147	2,395,897	
Hong Ji	100,000	1,192,630	-	1,451	-	101,619	114,215	100,000	1,206,677	7,431	1,214,108	1,214,108	
Hong Jin	29,500	387,112	-	737	-	46,269	52,456	29,500	394,036	3,484	397,520	397,520	
Compal Ruifang	30,000	300,478	-	-	-	-	1,083	30,000	301,561	-	301,561	301,561	
Compal Healthcare	2,000	20,003	-	-	-	-	7,340	2,000	27,343	-	27,343	27,343	
Poindus Systems	11,768	337,393	-	-	-	7,989	32,990	11,768	362,394	558	362,952	325,892	
Allied Circuit	10,158	405,115	-	105	-	43,805	47,032	10,158	408,447	(84)	408,363	1,218,928 (Note 4)	
Bizcom	100	478,925	-	-	-	-	23,388	100	502,313	16,507	518,820	518,820	
Lipo Holding Co., Ltd. (“LIPO”)	98	69,571	-	221,435	-	-	(173,834)	98	117,172	(9,017)	108,155	108,155	
Crownpo	3,739	2,466	-	17,660	-	-	(22,853)	3,739	(2,727)	(804)	(3,531)	(3,531)	
Arcadyan	41,305	2,851,065	-	6,607	-	292,133	466,071	41,305	3,031,610	35,663	3,067,273	7,248,940 (Note 3)	
FGH	89,755	4,711,916	-	-	-	-	(399,136)	89,755	4,312,780	(395,296)	3,917,484	3,917,484	
HSI	42,700	534,623	-	-	-	-	333,547	42,700	868,170	(53,514)	814,656	814,656	
Lead-Honor Optronics Co., Ltd.(“Lead-Honor”)	2,772	(3)	-	-	-	-	-	2,772	(3)	3	-	-	
CBN	29,060	469,407	-	4	-	1,754	(67,901)	29,060	399,756	(77)	399,679	694,538 (Note 3)	
Kinpo Group Management	300	5,044	-	-	-	-	50	300	5,094	-	5,094	6,254	
Rayonnant Technology	29,500	213,334	-	-	-	-	12,320	29,500	225,654	16,485	242,139	242,139	
CRH	12,500	296,869	-	-	-	-	8,735	12,500	305,604	30,752	336,356	336,356	
HengHao	20,015	(692,307)	29,000	290,000	20,000	-	71,274	29,015	(331,033)	(170,549)	(501,582)	(501,582)	
Infinno Technology Corp. (“Infinno”)	4,648	24,850	-	-	-	-	(8,794)	4,648	16,056	-	16,056	16,056	
CEP	136	(13,491)	-	295,397	-	-	(62,584)	136	219,322	(5,832)	213,490	213,490	
BCI	90,820	8,830,418	-	-	-	-	495,917	90,820	9,326,335	926,772	10,253,107	10,253,107	
APE	31,253	1,497,584	-	28,400	-	111,910	(121,606)	31,253	1,292,468	113,762	1,406,230	1,406,230	
CORE	147,000	7,851,779	-	-	-	-	394,640	147,000	8,246,419	790,252	9,036,671	9,036,671	
Unicore	20,000	67,239	-	-	13,000	-	(4,228)	7,000	63,011	-	63,011	63,011	
Ripal	6,000	114,460	-	-	-	-	(7,810)	6,000	106,650	-	106,650	106,650	
CPE	6,427	910,711	-	-	-	-	38,123	6,427	948,834	49,115	997,949	997,949	
Avalue	14,924	784,432	-	20,425	-	89,376	102,974	14,924	818,455	13,011	831,466	1,334,212 (Note 4)	
Etrade	46,900	(156,242)	-	-	-	-	(294,458)	46,900	(450,700)	(133,353)	(584,053)	(584,053)	
Webtek	100	699,410	-	-	-	-	(131,931)	100	567,479	(52,193)	515,286	515,286	
Forever	50	1,630,098	-	-	-	-	(39,174)	50	1,590,924	14,958	1,605,882	1,605,882	
UCGI	20,000	82,467	-	-	-	-	(27,235)	20,000	55,232	-	55,232	55,232	
Palcom	10,000	98,152	-	-	-	-	8,774	10,000	106,926	-	106,926	106,926	
Mactech	21,756	272,981	-	2,411	-	15,331	32,764	21,756	292,825	-	292,825	292,825	
GLB	15,035	380,211	-	-	-	6,014	32,828	15,035	407,025	(501)	406,524	296,136	
Shennona	-	15,569	-	-	-	-	(9,580)	-	5,989	1,557	7,546	7,546	
CMX	-	93,015	-	-	-	-	(1,519)	-	91,496	(8,969)	82,527	82,527	
Hippo Screen	9,100	10,571	5,000	50,000	4,550	3,022	(31,085)	9,550	26,464	-	26,464	13,990	
Shennona TW	2,000	17,859	-	-	-	-	505	2,000	18,364	-	18,364	18,364	
Aco Smartcare	330,276	65,171	-	-	-	-	(37,438)	330,276	27,733	-	27,733	(80)	
ARCE	44,540	104,286	-	-	-	5,593	(46,765)	44,540	51,928	-	51,928	43,056	
CGSP	-	84,419	-	563,000	-	-	(838)	-	646,581	21,596	668,177	668,177	
Starmems	3,500	12,259	2,965	29,650	-	2,312	(12,692)	6,465	26,905	-	26,905	26,905	
Kinpo & Compal Assets Development	402,500	3,986,402	-	-	-	-	(7,166)	402,500	3,979,236	-	3,979,236	3,979,236	
Genki Compal	-	-	-	21,915	-	-	-	-	21,915	-	21,915	21,915	
River Regeneration	-	-	6,000	100,020	-	-	(21,243)	6,000	78,777	-	78,777	60,573	
Raypal	4,646	167,893	-	-	-	-	(28,300)	4,646	139,593	-	139,593	24,014	
Subtotal		107,417,614		2,472,907		1,131,742	2,756,057		111,514,836	4,071,446	115,586,282		
Exchange differences on transaction of foreign financial statements		(1,879,691)		5,951,137		-	-		4,071,446		-		
Less: Treasury shares held by subsidiaries		(881,247)		-		-	-		(881,247)		(881,247)		
Unrealized profits or losses		(211,671)		80,849		63,579	-		(194,401)		(194,401)		
Subtotal		104,445,005		8,504,893		1,195,321	2,756,057		114,510,634		114,510,634		
Plus: Deduction of accounts receivable and other receivable		224,107									1,089,166		
Plus: Credit balance of investment in equity method		827,770											
Total	\$	105,496,882									115,599,800		

Note 1 : Increase in current period included purchasing long-term investments, adjusting by using equity method of capital surplus, unrealized gains from financial assets measured at fair value through other comprehensive income, realized gain on disposal of fixed assets, and subsidiaries received cash dividends from the parent company.

Note 2 : Decrease in current period included cash dividends distributed from long-term investments for using the equity method, adjustment by equity method of capital surplus and retained earnings, unrealized gain on disposal of fixed assets, remeasurement of defined benefit plans, and unrealized loss from financial assets measured at fair value through other comprehensive income.

Note 3 : The unit price is calculated by the closing price of the Taiwan Stock Exchange as of December 31, 2024.

Note 4 : The unit price is calculated by the closing price of Taipei Exchange as of December 31, 2024.

(Continued)

COMPAL ELECTRONICS, INC.

**Statement of financial assets measured at fair value through other
comprehensive income - non-current**

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Investee Company	Beginning Balance		Increase (Note 1)		Decrease (Note 2)		Ending Balance		Collaterals or Pledged Assets
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	
Kinpo	124,044	\$ 2,015,711	-	1,246,640	-	-	124,044	3,262,351	None
Cal-Comp	1,554,139	2,906,241	-	12,231,078	-	-	1,554,139	15,137,319	None
Taiwan Mobile	3,197	315,254	-	47,639	-	-	3,197	362,893	None
Others	-	<u>960,504</u>	-	<u>331,798</u>	-	<u>131,871</u>	-	<u>1,160,431</u>	None
Total		<u>\$ 6,197,710</u>		<u>13,857,155</u>		<u>131,871</u>		<u>19,922,994</u>	

Note 1: Increase included purchasing financial assets at fair value through other comprehensive income, unrealized gains on financial instruments at fair value, and deferred tax for unrealized gains.

Note 2: Decrease included disposal of financial assets at fair value through other comprehensive income, and the adjustment of the unrealized loss of financial assets according to fair value.

(Continued)

COMPAL ELECTRONICS, INC.
Statement of property, plant and equipment
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Please refer to Note (6)(i).

Statement of short-term borrowings
December 31, 2024

Creditor	Description	Contract Period	Interest Rate	Loan Commitments	Collaterals or Pledged Assets	Ending balance
The Hongkong and Shanghai Banking Corporation Limited	Credit Loans	2024.10~2025.01	Note	\$ 5,737,375	None	5,737,375
HSBC Bank (Taiwan) Limited	"	2024.10~2025.01	"	1,967,100	None	1,967,100
Citibank, N.A.	"	2024.10~2025.03	"	3,934,200	None	3,934,200
Cathay United Bank	"	2024.11~2025.01	"	5,901,300	None	5,901,300
Taiwan Cooperative Bank	"	2024.12~2025.01	"	6,100,000	None	5,901,300
E.SUN Commercial Bank	"	2024.12~2025.01	"	4,000,000	None	3,934,200
Shanghai Commercial and Savings Bank	"	2024.11~2025.01	"	2,786,725	None	2,622,800
United Overseas Bank	"	2024.11~2025.01	"	4,917,750	None	4,917,750
Land Bank of Taiwan	"	2024.12~2025.02	"	6,000,000	None	655,700
Citibank, N.A.	"	2024.12~2025.03	"	5,737,375	None	655,700
Taishin International Bank	"	2024.12~2025.02	"	8,000,000	None	2,250,000
Oversea-Chinese Banking Corporation Limited	"	2024.11~2025.02	"	4,917,750	None	1,300,000
The Bank of East Asia Limited.	"	2024.11~2025.02	"	1,639,250	None	1,500,000
Banco Bilbao Vizcaya Argentaria Bank	"	2024.12~2025.03	"	8,851,950	None	750,000
Bank of Communications Co., Ltd.	"	2024.12~2025.03	"	6,557,000	None	1,200,000
				<u>\$ 77,047,775</u>		<u>43,227,425</u>

Note: The range of interest rates of aforementioned loans were 1.66%~5.29%.

(Continued)

COMPAL ELECTRONICS, INC.
Statement of notes and accounts payable
December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Suppliers</u>	<u>Amount</u>
E Company	\$ 26,601,113
J Company	16,547,236
A Company	5,388,980
B Company	5,150,285
Others (Note)	<u>30,898,128</u>
Total	<u>\$ 84,585,742</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

(Continued)

COMPAL ELECTRONICS, INC.

Statement of long-term borrowings

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Creditor	Loan Commitments	Amount		Contract Period	Interest Rate	Amount	Collaterals or Pledged Assets
		Loan within 1 year	Loan more than 1 year				
Yuan Ta Commercial Bank	\$ 3,500,000	1,000,000	-	2024.11~2025.02	Note	1,000,000	None
Mizuho Bank, Ltd.	10,491,200	7,800,000	-	2024.09~2025.02	"	7,800,000	None
Bank of Taiwan	5,000,000	-	3,500,000	2023.12~2026.12	"	3,500,000	None
Bank of America	5,409,525	2,000,000	-	2024.09~2025.09	"	2,000,000	None
Bank SinoPac Co., Ltd.	3,300,000	-	825,000	2022.12~2026.12	"	825,000	None
Shanghai Commercial and Savings Bank	2,300,000	-	2,300,000	2023.06~2027.06	"	2,300,000	None
Far Eastern International Bank Co., Ltd.	1,000,000	1,000,000	-	2022.11~2025.09	"	1,000,000	None
CTBC Bank Co., Ltd.	2,000,000	-	900,000	2023.11~2026.11	"	900,000	None
Taiwan Corporative Bank	1,000,000	1,000,000	-	2022.05~2025.05	"	1,000,000	None
Chang Hwa Bank	<u>3,000,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	2022.05~2026.05	"	<u>3,000,000</u>	None
	\$ <u>37,000,725</u>	<u>14,300,000</u>	<u>9,025,000</u>			<u>23,325,000</u>	

Note: The range of interest rates of aforementioned loans were 1.72%~2.28%.

(Continued)

COMPAL ELECTRONICS, INC.

Statement of lease liabilities

December 31, 2024

<u>Item</u>	<u>Description</u>	<u>Lease term</u>	<u>Discount rate</u>	<u>Ending balance</u>
Buildings	For office and factory space	1~10 years	1.60%	\$ 1,018,316
Vehicles	For operating activities	3~5 years	1.60%	<u>15,458</u>
				1,033,774
Less : Current portion				<u>(413,270)</u>
Lease liabilities–Non-Current				<u><u>\$ 620,504</u></u>

Statement of other payables

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Payroll payables and year-end bonuses payable	Payroll for December 2024, estimated year-end bonuses for 2024, and employees and directors' compensations	\$ 4,917,976
Technical service fee payables		1,091,281
Others (Note)		<u>7,544,183</u>
Total		<u><u>\$ 13,553,440</u></u>

Note: The amount of each item in others does not exceed 5% of the account balance.

(Continued)

COMPAL ELECTRONICS, INC.**Statement of operating revenue****For the year ended December 31, 2024**

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>
Sales revenue:		
5C electronic products	Note	\$ 840,183,804
Others		703,053
Less: Sales return		(485,880)
Sales allowance		<u>(1,320,372)</u>
Net sales		839,080,605
Other operating revenue:		
Service and processing revenue		<u>1,106,633</u>
Net sales revenue		<u><u>\$ 840,187,238</u></u>

Note: Due to multi-categories, it's hard to be classified in categories.

(Continued)

COMPAL ELECTRONICS, INC.

Statement of operating costs

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw materials	
Raw materials, beginning of the year	\$ 41,514,319
Add: Purchases	550,868,732
Less: Raw materials, end of the year	(32,022,953)
Transferred to operating expense	(32,617)
Cost of material sold	(755,432)
Scraps	<u>(523,219)</u>
Raw materials used	559,048,830
Direct labor	514,305
Manufacturing expenses	<u>986,651</u>
Total Manufacturing costs	560,549,786
Add: Work-in-process, beginning of the year	1,414,789
Less: Work-in-process, end of the year	(1,450,246)
Scraps	<u>(1,041)</u>
Cost of finished goods	560,513,288
Add: Finished goods, beginning of the year	10,326,252
Purchases	243,347,384
Others	1,466,706
Less: Finished goods, end of the year	(5,934,504)
Transferred to operating expense (entertainment expense, sample expense, and others)	<u>(386,280)</u>
Costs of sales of finished goods and processing costs	809,332,846
Maintenance costs	2,318,628
Cost of material sold	755,432
Allowance for obsolescence loss and inventory valuation	(604,498)
Scrap loss of inventory	<u>524,260</u>
Cost of sales	<u><u>\$ 812,326,668</u></u>

(Continued)

COMPAL ELECTRONICS, INC.**Statement of operating expenses****For the year ended December 31, 2024****(Expressed in thousands of New Taiwan Dollars)**

Item	Selling expenses	Administrative expenses	Research and development expenses
Payroll expenses	\$ 379,912	1,864,977	9,147,144
Export expenses	206,646	-	-
Royalty expenses	160,622	-	-
Research expenses	-	-	1,569,600
Shipping expenses	1,684,559	5,928	1,824
Sample expenses	296,091	138	1,771
Others (Note)	<u>343,367</u>	<u>1,356,252</u>	<u>2,236,816</u>
Total	<u><u>\$ 3,071,197</u></u>	<u><u>3,227,295</u></u>	<u><u>12,957,155</u></u>

Note: The amount of each item in others does not exceed 5% of the account balance.

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 1 Loans to other parties:
(December 31, 2024)

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
													Item	Value			
0	The Company	UCGI	Other receivables	Y	460,000	230,000	230,000	2.33%-2.36%	Short-term financing	-	Operating demand	-	-	-	28,492,942	56,985,884	(Note 1)
0	The Company	HengHao	Other receivables	Y	400,000	200,000	-	2.33%-2.36%	Short-term financing	-	Operating demand	-	-	-	28,492,942	56,985,884	(Note 1)
0	The Company	CEM	Other receivables	Y	4,897,700	1,803,175	1,803,175	5.29%-6.10%	Short-term financing	-	Operating demand	-	-	-	28,492,942	56,985,884	(Note 1)
0	The Company	Kinpo&Compal Assets Development	Other receivables	Y	550,000	-	-	2.29%	Short-term financing	-	Operating demand	-	-	-	4,547,696	56,985,884	(Note 1)
0	The Company	CTB	Other receivables	Y	1,313,400	1,311,400	1,311,400	5.29%	Short-term financing	-	Operating demand	-	-	-	28,492,942	56,985,884	(Note 1)
0	The Company	CEP	Other receivables	Y	229,595	163,925	-	5.29%	Short-term financing	-	Operating demand	-	-	-	28,492,942	56,985,884	(Note 1)
0	The Company	CSIN	Other receivables	Y	328,350	327,850	327,850	5.29%	Short-term financing	-	Operating demand	-	-	-	28,492,942	56,985,884	(Note 1)
1	CPC	CIC	Other receivables	Y	454,500	223,900	223,900	2.10%	Short-term financing	-	Operating demand	-	-	-	3,014,312	3,014,312	(Note 2)
1	CPC	CCI Nanjing	Other receivables	Y	1,181,700	1,164,280	1,119,500	2.10%	Short-term financing	-	Operating demand	-	-	-	3,014,312	3,014,312	(Note 2)
2	CIT	CCI Nanjing	Other receivables	Y	2,298,450	-	-	6.44%	Short-term financing	-	Operating demand	-	-	-	31,501,577	31,501,577	(Note 3)
2	CIT	HengHao Kunshan	Other receivables	Y	985,050	983,550	983,550	5.84%	Short-term financing	-	Operating demand	-	-	-	31,501,577	31,501,577	(Note 3)
2	CIT	CEM	Other receivables	Y	328,350	327,850	327,850	5.29%	Short-term financing	-	Operating demand	-	-	-	31,501,577	31,501,577	(Note 3)
3	CPO	CIT	Other receivables	Y	681,750	671,700	671,700	2.10%	Short-term financing	-	Operating demand	-	-	-	3,365,624	3,365,624	(Note 4)
3	CPO	CEM	Other receivables	Y	985,050	983,550	983,550	5.29%	Short-term financing	-	Operating demand	-	-	-	3,365,624	3,365,624	(Note 4)
3	CPO	CCI Nanjing	Other receivables	Y	818,100	806,040	806,040	2.10%	Short-term financing	-	Operating demand	-	-	-	3,365,624	3,365,624	(Note 4)
4	CET	BT	Other receivables	Y	272,700	223,900	134,340	2.20%	Short-term financing	-	Operating demand	-	-	-	5,405,728	5,405,728	(Note 5)
5	Panpal	Kinpo&Compal Assets Development	Other receivables	Y	1,000,000	-	-	2.33%-2.43%	Short-term financing	-	Operating demand	-	-	-	2,341,593	2,341,593	(Note 6)
5	Panpal	HengHao	Other receivables	Y	1,200,000	300,000	300,000	2.32%-2.36%	Short-term financing	-	Operating demand	-	-	-	2,341,593	2,341,593	(Note 6)
6	CIC	HengHao Kunshan	Other receivables	Y	3,611,850	1,803,175	1,803,175	5.29%-6.44%	Short-term financing	-	Operating demand	-	-	-	12,155,669	12,155,669	(Note 7)
6	CIC	CTB	Other receivables	Y	328,350	327,850	327,850	5.29%	Short-term financing	-	Operating demand	-	-	-	12,155,669	12,155,669	(Note 7)
7	BSH	CIN	Other receivables	Y	1,000,768	458,990	360,635	5.29%-5.84%	Short-term financing	-	Operating demand	-	-	-	9,048,618	9,048,618	(Note 8)
8	Gempal	Ray-Kwong Medical Management Consulting	Other receivables	Y	10,000	5,000	5,000	2.36%	Short-term financing	-	Operating demand	-	-	-	13,702	958,358	(Note 9)
8	Gempal	CEP	Other receivables	Y	229,845	229,495	229,495	5.29%	Short-term financing	-	Operating demand	-	-	-	958,358	958,358	(Note 9)
8	Gempal	Hippo Screen	Other receivables	Y	35,000	35,000	35,000	2.36%	Short-term financing	-	Operating demand	-	-	-	958,358	958,358	(Note 9)
9	CGSP	CEP	Other receivables	Y	65,670	-	-	5.84%	Short-term financing	-	Operating demand	-	-	-	668,177	668,177	(Note 10)
10	Hong Ji	Kinpo&Compal Assets Development	Other receivables	Y	450,000	-	-	2.42%	Short-term financing	-	Operating demand	-	-	-	485,643	485,643	(Note 11)
11	Hong Jin	Hippo Screen	Other receivables	Y	35,000	-	-	2.32%	Short-term financing	-	Operating demand	-	-	-	159,008	159,008	(Note 12)
12	Arcadyan	Arcadyan Brasil	Other receivables	Y	65,700	-	-	5.50%	Short-term financing	-	Operating demand	-	-	-	3,186,993	6,373,987	(Note 13)
12	Arcadyan	Arcadyan Brasil	Other receivables	Y	65,700	65,450	49,088	5.50%	Short-term financing	-	Operating demand	-	-	-	3,186,993	6,373,987	(Note 13)
12	Arcadyan	Arcadyan Vietnam	Other receivables	Y	315,700	-	-	5.50%	Transaction for business between two parties	20,878,550	-	-	-	-	3,186,993	6,373,987	(Note 13)
12	Arcadyan	Arcadyan Turkey	Other receivables	Y	131,400	130,900	81,813	6.00%	Short-term financing	-	Operating demand	-	-	-	3,186,993	6,373,987	(Note 13)
13	Arcadyan Holding	CNC	Other receivables	Y	1,894,200	-	-	5.50%	Short-term financing	-	Operating demand	-	-	-	2,641,844	2,641,844	(Note 14)

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 1 Loans to other parties:

(December 31, 2024)

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
													Item	Value			
14	Poindus Systems	Adasys	Other receivables	Y	23,166	22,191	22,191	4.27%	Transaction for business between two parties	77,740	-	-	-	-	77,740	217,777	(Note 15)
14	Poindus Systems	Poindus Systems UK Limited	Long-term receivables	Y	54,360	26,774	26,774	1.00%-5.92%	Transaction for business between two parties	52,719	-	-	-	-	52,719	217,777	(Note 15)
14	Poindus Systems	Varlink	Other receivables	Y	(Note 16) 42,650	41,190	41,190	5.92%	Short-term financing	-	Expand business	-	-	-	108,888	217,777	(Note 15)

Note 1 : According to the Company's "Procedures for Lending Funds to Other Parties", the total amount of loans lent to others shall not exceed 40% of the net worth of the Company. When a short-term financing facility with the Company is necessary, the total amount for lending to any company shall not exceed 80% of the borrower's net worth, nor shall it be more than 50% of the Company's lendable amount limit, and shall be calculated together with the amount of guarantee endorsed by the Company for the company. In addition, the Company shall not limit the total amount of loans to subsidiaries in which the Company directly or indirectly holds 100% of the voting shares to 80% of the aforementioned amount, but the maximum amount shall not exceed 50% of the Company's total funds lending limit, and shall be calculated together with the amount of guarantees endorsed by the Company for such companies.

Note 2 : According to CPC's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CPC. When a short-term financing facility with CPC is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CPC's total amount of capital lent, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CPC, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 3 : According to CIT's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CIT. When a short-term financing facility with CIT is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIT's total amount of capital lent, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIT, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 4 : According to CPO's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CPO. When a short-term financing facility with CPO is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CPO's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CPO, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 5 : According to CET's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CET. When a short-term financing facility with CET is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CET's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CET, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 6 : According to Pampal's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Pampal. When a short-term financing facility with Pampal is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of Pampal's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the total amount lendable to 50% directly or indirectly owned subsidiaries by Pampal, or the ultimate parent company's 50% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions of 80%, but the maximum amount shall not exceed Pampal's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 7 : According to CIC's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CIC. When a short-term financing facility with CIC is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIC's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIC, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 8 : According to BSH's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of BSH. When a short-term financing facility with BSH is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of BSH's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of BSH, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 9 : According to Gempal's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Gempal. When a short-term financing facility with Gempal is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of Gempal's total amount of lendable capital, and shall be combined with the Gempal's endorsements/guarantees for calculation. In addition, when lending to indirectly owned overseas subsidiaries or the ultimate parent company's 100% directly, the total amount of loans is not limited by 80% of two aforesaid restrictions, but the maximum amount shall not exceed the total amount of lendable capital of Gempal, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 10 : According to CGSP's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CGSP. When a short-term financing facility with CGSP is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CGSP's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CGSP, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 11 : According to Hong Ji's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Hong Ji. When a short-term financing facility with Hong Ji is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of Hong Ji's total amount of lendable capital, and shall be combined with the Hong Ji's endorsements/guarantees for calculation. In addition, when lending to indirectly owned overseas subsidiaries or the ultimate parent company's 100% directly, the total amount of loans is not limited by 80% of two aforesaid restrictions, but the maximum amount shall not exceed the total amount of lendable capital of Hong Ji, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 12 : According to Hong Jin's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Hong Jin. When a short-term financing facility with Hong Jin is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of Hong Jin's total amount of lendable capital, and shall be combined with the Hong Jin's endorsements/guarantees for calculation. In addition, when lending to indirectly owned overseas subsidiaries or the ultimate parent company's 100% directly, the total amount of loans is not limited by 80% of two aforesaid restrictions, but the maximum amount shall not exceed the total amount of lendable capital of Hong Jin, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 13 : According to Arcadyan's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Arcadyan. To borrowers having business relationship with Arcadyan, the total amount for lending the borrower shall not exceed 80% of the transaction amount in the last fiscal year or the expecting amount for the current year, nor shall it exceed 20% of the net worth of Arcadyan. Also, the amount shall be combined with the Arcadyan's endorsements/guarantees for the borrower when calculating. When a short-term financing facility is necessary, the borrower should be Arcadyan's investee. The total amount for lending the borrower shall not exceed 80% of the net worth of the borrower, nor shall it exceed 20% of the net worth of Arcadyan, and shall be combined with the Arcadyan's endorsements/guarantees for the borrower when calculating.

Note 14 : According to Arcadyan Holding's Procedures for Lending Funds to Other Parties, the total amount of loans to others shall not exceed the net worth of Arcadyan Holding. When a short-term financing facility is necessary, the borrower should be Arcadyan Holding's investee. The total amount for lending the borrower shall not exceed the net worth of Arcadyan Holding, and shall be combined with the Arcadyan Holding's endorsements/guarantees for the borrower when calculating.

Note 15 : According to Poindus Systems's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Poindus Systems. To borrowers having business relationship with Poindus Systems, the total amount of loans for individual is the lower of the amount of transaction for business between the two parties during the previous twelve months and 20% of the net worth of the company's latest financial statements. When a short-term financing facility is necessary, the total amount of loans for individual is the lower of 40% of the net worth of the company receiving financial financing and 20% of the net worth of the Poindus Systems. In addition, Poindus Systems shall not limit the total amount of loans to subsidiaries in which Poindus Systems directly or indirectly holds 100% of the aforementioned amount, but the maximum amount shall not exceed 20% of the net worth of Poindus Systems.

Note 16 : On June 18, 2024, the board of directors of Poindus Systems approved a loan of GBP650,000 to Poindus Systems UK Limited for refinancing purposes, resulting in the highest amount being reported twice in this year.

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 2 Guarantees and endorsements for other parties:

(December 31, 2024)

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1 × 2 and 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	CEP	(Note 3)	35,616,177	14,883	-	-	-	- %	71,232,355	Y	-	-
0	The Company	CEM	(Note 4)	35,616,177	486,390	173,761	129,501	-	0.12%	71,232,355	Y	-	-
0	The Company	HengHao Kunshan	(Note 4)	35,616,177	27,270	-	-	-	- %	71,232,355	Y	-	Y
0	The Company	CTB	(Note 4)	35,616,177	780,395	783,562	391,781	-	0.55%	71,232,355	Y	-	-
0	The Company	Compal Ruifang	(Note 3)	35,616,177	998,500	998,500	-	-	0.70%	71,232,355	Y	-	-
0	The Company	CGSP	(Note 3)	35,616,177	141,600	136,560	136,560	-	0.10%	71,232,355	Y	-	-
0	The Company	Kinpo&Compal Assets Development	(Note 3)	35,616,177	15,400,000	15,400,000	-	-	10.81%	71,232,355	Y	-	-
1	Arcadyan	Arcadyan AU	(Note 4)	2,124,662	246,375	245,438	-	-	1.54%	6,373,987	Y	-	-

Note 1 : According to the Company's Procedures for Endorsement and Guarantee, the total amount of endorsements/ guarantees the Company or the Group is permitted to make shall not exceed 50% of the Company's net worth. Endorsements/ guarantees the Company and the Group are permitted to make for a single company shall not exceed 25% of the Company's net worth. For entities having business relationship with the Company, the amount of endorsements/ guarantees for a single company shall not exceed 80% of the transaction amount in the last fiscal year or the expecting amount of the current year, and shall be combined with the amount lend to others when calculating. The amount of endorsements/ guarantees permitted to make between subsidiaries whose over 90% of its voting shares are owned, directly or indirectly, by the Company shall be no more than 10% of the net worth of the Company. The amount of endorsements/ guarantees permitted to make between directly or indirectly wholly owned subsidiaries is not limited by the aforementioned restriction, only the maximum amount shall be no more than 25% of the net worth of the Company.

Note 2 : According to Arcadyan's Procedures for Endorsement and Guarantee, the total amount of endorsements/guarantees Arcadyan and its subsidiaries are permitted to make shall not exceed 40% of the Arcadyan's net worth. Endorsements/guarantees Arcadyan and its subsidiaries are permitted to make for a single company shall not exceed 1/3 of the aforementioned total amount.

Note 3 : Subsidiary whose over 50% common stock is directly owned.

Note 4 : Subsidiary whose over 50% common stock is indirectly owned.

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 3 Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):
(December 31, 2024)

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance				The highest holdings in the period		Note
				Shares/Units (thousands)	Carrying value	Holding percentage (%)	Fair value	Shares/Units (thousands)	Holding percentage (%)	
The Company	Taiwan Mobile	-	Financial assets at fair value through other comprehensive income-non-current	3,197	362,893	-	362,893	3,197	-	
	Kinpo	Substantial related party	Financial assets at fair value through other comprehensive income-non-current	124,044	3,262,351	8%	3,262,351	124,044	8%	
	Cal-Comp	Substantial related party	Financial assets at fair value through other comprehensive income-non-current	1,554,139	15,137,319	15%	15,137,319	1,554,139	15%	
	HWA VI Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	48	5,668	10%	5,668	48	10%	
	HWA Chi Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	53	10,114	11%	10,114	53	11%	
	mProbe Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	4,000	6,000	3%	6,000	4,000	3%	
	AcBel	Substantial related party	Financial assets at fair value through other comprehensive income-non-current	6,685	202,221	1%	202,221	6,685	1%	
	Chen Feng Optoelectronics	-	Financial assets at fair value through other comprehensive income-non-current	6,685	101,676	7%	101,676	6,685	7%	
	Clientron Corp.	-	Financial assets at fair value through other comprehensive income-non-current	868	10,956	1%	10,956	868	1%	
	Ganzin Technology, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	2,000	36,000	6%	36,000	2,000	6%	
	Airoha Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	215	151,360	-	151,360	215	-	
	ITH Corporation	-	Financial assets at fair value through other comprehensive income-non-current	7,900	432,920	2%	432,920	8,000	2%	
	Horien Biochemical Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,625	48,750	4%	48,750	1,825	5%	
	Medicaltek Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,070	29,960	8%	29,960	1,070	8%	
	Clean Energy Fund	-	Financial assets at fair value through profit or loss-non-current	-	245,987	2%	245,987	-	2%	
	IIH Biomedical Venture Fund	-	Financial assets at fair value through profit or loss-non-current	2,500	66,800	8%	66,800	5,000	8%	
	Phoenix Innovation Investment Corporation.	-	Financial assets at fair value through profit or loss-non-current	6,000	91,620	19%	91,620	6,000	19%	
	Others		Financial assets at fair value through profit or loss and other comprehensive income		134,342		134,342			
	Total				<u>20,336,937</u>					
Panpal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	31,648	1,191,550	1%	1,191,550	31,648	1%	
	Kinpo	Substantial related party	Financial assets at fair value through other comprehensive income-non-current	69,370	1,824,422	5%	1,824,422	69,370	5%	
	CDIB Partners Investment Holding Corp.	-	Financial assets at fair value through other comprehensive income-non-current	54,000	1,088,640	5%	1,088,640	54,000	5%	
	AcBel	Substantial related party	Financial assets at fair value through other comprehensive income-non-current	11,332	342,789	1%	342,789	11,332	1%	
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,291	60,263	6%	60,263	2,291	6%	
	Taiwan Biotech Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	9,548	195,640	3%	195,640	9,548	3%	

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 3 Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):
(December 31, 2024)

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance				The highest holdings in the period		Note
				Shares/Units (thousands)	Carrying value	Holding percentage (%)	Fair value	Shares/Units (thousands)	Holding percentage (%)	
Panpal	Others	-	Financial assets at fair value through other comprehensive income-non-current		7,666		7,666			
	Total				<u>4,710,970</u>					
Gempal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	18,369	691,606	-	691,606	18,369	-	
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,291	60,245	6%	60,245	2,291	6%	
	Others	-	Financial assets at fair value through other comprehensive income-non-current		1,030		1,030			
	Total				<u>752,881</u>					
Hong Ji	SUYIN Optronics Co., Ltd. ("SUYIN Optronics")	-	Financial assets at fair value through other comprehensive income-non-current	380	-	1%	-	380	1%	(Note 1)
Hong Jin	SUYIN Optronics	-	Financial assets at fair value through other comprehensive income-non-current	332	-	1%	-	332	1%	(Note 1)
Arcadyan	GeoThings Inc.	-	Financial assets at fair value through profit or loss-non-current	200	-	4%	-	200	4%	(Note 1)
	AirHop Communication Inc.	-	Financial assets at fair value through profit or loss-non-current	1,152	-	5%	-	1,152	5%	(Note 1)
	Adant Technologies Inc.	-	Financial assets at fair value through profit or loss-non-current	349	-	4%	-	349	5%	(Note 1)
	IOT EYE, Inc.	-	Financial assets at fair value through profit or loss-non-current	60	-	14%	-	60	14%	(Note 1)
	TIEF FUND L.P.	-	Financial assets at fair value through profit or loss-non-current	-	37,965	7%	37,965	-	7%	
	Chimei Motor Electronics Co., LTD	-	Financial assets at fair value through other comprehensive income-non-current	1,650	19,437	6%	19,437	1,650	6%	
	Golden Smarthome Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,229	-	2%	-	1,229	2%	(Note 1)
	Total				<u>57,402</u>					
Mactech	Taichung International Golf Country Club	-	Financial assets at fair value through other comprehensive income-non-current	-	14,850	-	14,850	-	-	
HHB	HWALLAR OPTRONICS (Fuzhou) CO., LTD.	-	Financial assets at fair value through profit or loss-non-current	-	-	19%	-	-	19%	(Note 1)
Mithera	Beyond Limits, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	873	147,532	-	147,532	873	-	
BT	Suzhou Genki Fuhong Health Management Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	-	4,489	17%	4,489	-	17%	
CIT	Kunqiao Phase II (Suzhou) Emerging Industry Venture Capital Partnership Fund	-	Financial assets at fair value through profit or loss-non-current	-	515,586	-	515,586	-	-	
BSH	Achi Capital Partners Fund LP	-	Financial assets at fair value through profit or loss-non-current	-	110,963	-	110,963	-	-	
	ABG Capital PartnersV, LP (ABG)	-	Financial assets at fair value through profit or loss-non-current	-	280,901	-	280,901	-	-	
	Rivos Inc.	-	Financial assets at fair value through other comprehensive income-non-current	-	65,570	-	65,570	-	-	
	Total				<u>457,434</u>					

Note 1 : The carrying value is the remaining amount after deducting accumulated impairment.

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 4 Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:
(For the year ended December 31, 2024)

(In Thousands of New Taiwan Dollars/ shares)

Name of company	Security		Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Others		Ending Balance	
	Name	Category				Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Price	Cost	Gain (loss) on disposal	Shares/ Units	Amount	Shares/ Units	Amount
The Company	CGSP	-	Investments accounted for using equity method	(Note 1)	(Note 3)	-	92,753	-	563,000	-	-	-	-	-	12,434	-	668,177
CPC	LIZ (Nantong)	-	Investments accounted for using equity method	(Note 1)	(Note 4)	-	-	-	448,261	-	-	-	-	-	(59,970)	-	388,291

Note 1: Cash capital.

Note 2: Others refer to investment income using equity method and foreign currency translation differences of foreign operations.

Note 3: Subsidiary whose over 50% common stock is directly owned.

Note 4: Associates whose over 20% common stock is indirectly owned.

Table 5 Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:
(For the year ended December 31, 2024)

(In Thousands of New Taiwan Dollars)

Name of company	Transaction date (Note 1)	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
						Owner	Relationship with the Company	Date of transfer	Amount			
Arcadyan	April 3, 2024	368,000	128,800	YI-SHENG SYSTEMS INTEGRATION CO., LTD.	None	not applicable	not applicable	not applicable	not applicable	price comparison and negotiation	operational use	None
CGSP	July 4, 2024	509,081	287,707	Holdbur Investments sp. z o.o./ PDC Industrial Center 66 sp. z o.o./ Panattoni sp. z o.o.	None	not applicable	not applicable	not applicable	not applicable	Refer to the real estate appraisal report issued by a professional appraiser and price comparison and negotiation	operational use	None
Compal Ruiting	October 14, 2024	999,000	149,850	Enrich Tech Co.,Ltd	None	not applicable	not applicable	not applicable	not applicable	price comparison and negotiation	operational use	None

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:
(For the year ended December 31, 2024)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
The Company	Arcadyan	The Company's subsidiaries	Sale	(185,326)	- %	Net 60 days from the end of the month of delivery	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	37,653	- %	
	CEM	Subsidiaries wholly owned by the Company	Sale	(5,039,462)	(0.1)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	2,629,995	1.3%	
	Palcom	Subsidiaries wholly owned by the Company	Sale	(114,792)	- %	60 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	38,813	- %	
	CIH and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	92,354,239	10.4%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(60,124,632)	(34.8)%	
	Just and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	16,051,887	1.8%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(1,887,233)	(1.1)%	
	HSI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	78,531,236	8.9%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(5,995,129)	(3.5)%	
	BCI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	24,245,248	2.7%	120 days	Markup based on BCI and its subsidiaries' cost	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(8,511,317)	(4.9)%	
	Kinpo	Substantial related party	Purchase	43,474,943	4.9%	Net 35 days from the end of the month	Similar to non-related parties	There is no significant difference.	(8,912,016)	(5.2)%	
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(16,051,887)	(98.9)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	1,887,233	91.7%	
	UCGI	With the same ultimate parent company	Sale	(484,090)	(0.8)%	60 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	159,446	5.1%	
	CIH and its subsidiaries	Parent company	Sale	(92,354,239)	(93.9)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	60,124,632	94.6%	
CIH and its subsidiaries	CEM	With the same ultimate parent company	Sale	(586,359)	(0.5)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	114,979	0.1%	
	CTB	With the same ultimate parent company	Sale	(457,676)	(0.4)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	163,159	0.1%	
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(5,425,390)	(4.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	5,747,738	4.3%	
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	305,461	0.1%	Net 60 days from the delivery	Similar to non-related parties	Adjustments will be made based on demand for funding.	(10,877)	- %	
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	149,548	- %	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(15,060)	- %	
	Rayonnant Technology and its subsidiaries	With the same ultimate parent company	Purchase	722,671	0.2%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(118,732)	(0.1)%	
	CPM	An associate	Purchase	1,758,402	0.4%	120 days	Similar to non-related parties	There is no significant difference.	(457,334)	(0.5)%	
	Acbel and its subsidiaries	Substantial related party	Purchase	507,797	0.1%	120 days	Similar to non-related parties	There is no significant difference.	(225,063)	(0.2)%	

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:
(For the year ended December 31, 2024)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(24,245,248)	(96.4)%	120 days	Markup based on BCI and its subsidiaries' cost	Adjustments will be made based on demand for funding.	8,511,317	90.3%	
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(149,548)	(0.4)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding.	15,060	0.1%	
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(535,855)	- %	120 days	According to markup pricing	Adjustments will be made based on demand for funding.	1,267,116	4.5%	
	CTB	With the same ultimate parent company	Sale	(114,296)	(0.3)%	120 days	According to markup pricing	There is no significant difference.	1,304,027	4.6%	
	CEM	With the same ultimate parent company	Sale	(522,316)	(1.2)%	120 days	According to markup pricing	There is no significant difference.	146,058	0.5%	
Palcom	Rayonnant Technology and its subsidiaries	With the same ultimate parent company	Purchase	124,691	(0.1)%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding.	(15,404)	0.1%	
	Compal Electronic, Inc.	Parent company	Purchase	114,792	74.6%	Net 120 days from the delivery	Similar to non-related parties	There is no significant difference.	(38,813)	(98.1)%	
CEM	CTB	With the same ultimate parent company	Sale	(1,786,818)	(18.9)%	45 days	Similar to non-related parties	There is no significant difference.	752,919	29.4%	
	Compal Electronic, Inc.	Parent company	Purchase	5,039,462	56.6%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(2,629,995)	(81.6)%	
CTB	CIH and its subsidiaries	With the same ultimate parent company	Purchase	586,359	6.6%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(114,979)	(3.6)%	
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	522,316	5.9%	120 days	According to markup pricing	There is no significant difference.	(146,058)	(4.5)%	
	CEM	With the same ultimate parent company	Purchase	1,786,818	44.3%	120 days	According to markup pricing	There is no significant difference.	(752,919)	(53.5)%	
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	114,296	3.0%	120 days	Similar to non-related parties	There is no significant difference.	(1,304,027)	(15.1)%	
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	457,676	10.7%	120 days	Similar to non-related parties	There is no significant difference.	(163,159)	(8.7)%	
Forever and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	Sale	(115,543)	100.0%	Net 60 days from the delivery	Similar to non-related parties	There is no significant difference.	-	- %	
UCGI	Poindus Systems	With the same ultimate parent company	Sale	(172,736)	(21.0)%	75 days	Similar to non-related parties	There is no significant difference.	76,394	24.0%	
	Avaluc	An associate	Sale	(202,543)	(24.6)%	75 days	Similar to non-related parties	There is no significant difference.	77,021	24.2%	
Poindus Systems	JUST and its subsidiaries	With the same ultimate parent company	Purchase	484,090	72.7%	60 days	Similar to non-related parties	There is no significant difference.	(159,446)	(79.9)%	
	UCGI	With the same ultimate parent company	Purchase	172,736	19.4%	75 days	Similar to non-related parties	There is no significant difference.	(76,394)	(43.8)%	
Rayonnant Technology and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	Sale	(722,671)	(68.7)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	118,732	67.2%	
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(204,522)	(19.4)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	42,549	24.1%	
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(124,691)	(11.9)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	15,404	8.7%	
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(78,531,236)	(98.4)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	5,995,129	99.0%	
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(305,461)	(0.4)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	10,877	0.1%	

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:
(For the year ended December 31, 2024)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
HSI and its subsidiaries	Arcadyan	With the same ultimate parent company	Sale	(993,537)	(1.2)%	Net 60 days from the end of the month of delivery	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	155,566	1.0%	
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	5,425,390	7.2%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(5,747,738)	(13.7)%	
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	535,855	0.8%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(1,267,116)	(3.1)%	
	Forever and its subsidiaries	With the same ultimate parent company	Purchase	115,543	0.2%	Net 60 days from the end of the month of delivery	Similar to non-related parties	There is no significant difference.	-	- %	
	Rayonnant Technology and its subsidiaries	With the same ultimate parent company	Purchase	204,522	0.3%	60-120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(42,549)	(0.1)%	
HengHao	Avaluc	An associate	Sale	(100,230)	(1.0)%	Net 30 days from the end of the month	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	36,379	1.7%	
Arcadyan	Arcadyan USA	Arcadyan's subsidiary	Sale	(18,125,629)	(44.0)%	Net 120 days from delivery	-	-	24,826	1.0%	
	Arcadyan AU	Arcadyan's subsidiary	Sale	(867,914)	(2.0)%	Net 60 days from the end of the month of delivery	-	-	79,043	2.0%	
	Arcadyan Germany	Arcadyan's subsidiary	Sale	(309,578)	(1.0)%	Net 150 days from delivery	-	-	155,856	4.0%	
	CNC	Arcadyan's subsidiary	Purchase	261,051	- %	Net 120 days from delivery	According to markup pricing	-	(836,815)	(10.0)%	(Note 1)
	Arcadyan Vietnam	Arcadyan's subsidiary	Purchase	6,739,286	11.0%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 2)	- %	(Note 1)
CNC	Arcadyan	With the same ultimate parent company	Sale	(261,051)	(100.0)%	Net 120 days from delivery	According to markup pricing	-	836,815	100.0%	(Note 1)
Arcadyan Vietnam	Arcadyan	With the same ultimate parent company	Sale	(6,739,286)	(100.0)%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 2)	- %	(Note 1)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	993,537	3.0%	Net 60 days from the end of the month of delivery	-	-	(155,566)	(1.0)%	
Arcadyan USA	Arcadyan	With the same ultimate parent company	Purchase	18,125,629	100.0%	Net 120 days from delivery	-	-	(24,826)	(100.0)%	
Arcadyan AU	Arcadyan	With the same ultimate parent company	Purchase	867,914	100.0%	Net 60 days from the end of the month of delivery	-	-	(79,043)	(100.0)%	
Arcadyan Germany	Arcadyan	With the same ultimate parent company	Purchase	309,578	100.0%	Net 150 days from delivery	-	-	(155,856)	(100.0)%	

Note 1: The remaining balance is the net value of commissioned processing and sales of raw material.

Note 2: The amount of other receivables on December 31, 2024 is 1,411,290 thousand dollars.

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 7 Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:
(December 31, 2024)

(In Thousands of New Taiwan Dollars)

Name of Company	Counter-party	Nature of relationship	Ending Balance	Turnover rate	Overdue		Amounts received in subsequent period		Allowance for bad debts
					Amount	Action taken			
The Company	CBN	The Company's subsidiary	223,089	0.51	-	-	138,621	(Note 1)	-
The Company	Just and its subsidiaries	The Company's subsidiary	2,998,800	(Note 3)	-	-	494,807	(Note 1)	-
			(Note 3)						
The Company	CEM	The Company's subsidiary	2,629,995	3.83			1,080,052	(Note 1)	-
The Company	Cal-Comp	Substantial related party	7,280,596	(Note 3)	-	-	7,267,910	(Note 1)	-
			(Note 3)						
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	1,887,233	8.11	-	-	48,418	(Note 1)	-
Just and its subsidiaries	UCGI	With the same ultimate parent company	159,446	4.91	-	-	-	(Note 1)	-
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	60,124,632	1.68	-	-	57,954,549	(Note 1)	-
CIH and its subsidiaries	CEM	With the same ultimate parent company	114,979	9.24	-	-	18,748	(Note 1)	-
CIH and its subsidiaries	CTB	With the same ultimate parent company	163,159	5.61	-	-	81,693	(Note 1)	-
CIH and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	5,747,738	0.81	-	-	-	(Note 1)	-
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	8,511,317	2.69	-	-	8,511,317	(Note 1)	-
BCI and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	1,267,116	0.42	-	-	-	(Note 1)	-
BCI and its subsidiaries	CTB	With the same ultimate parent company	1,304,027	0.18	-	-	26,611	(Note 1)	-
BCI and its subsidiaries	CEM	With the same ultimate parent company	146,058	1.90	-	-	29,993	(Note 1)	-
CEM	CTB	With the same ultimate parent company	752,919	2.11	-	-	404,384	(Note 1)	-
Rayonnant Technology and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	118,732	3.78	-	-	-	(Note 1)	-
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	5,995,129	11.25	-	-	2,376,069	(Note 1)	-
HSI and its subsidiaries	Arcadyan	With the same ultimate parent company	155,566	12.77	-	-	13,160	(Note 1)	-
Arcadyan	Arcadyan Vietnam	Arcadyan's subsidiary	1,411,290	(Note 3)	-	-	-	(Note 2)	-
			(Note 3)						
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	155,856	1.70	-	-	-	(Note 2)	-
CNC	Arcadyan	With the same ultimate parent company	836,815	0.14	-	-	-	(Note 2)	-
			(Note 4)						

Note 1: Balance as of February 20, 2025.

Note 2: Balance as of February 12, 2025.

Note 3: Receivables due to purchasing on behalf of related parties.

Note 4: Accounts receivables due to processing raw material.

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 8 The information on investees for the year ended December 31, 2024 (excluding information on investees in Mainland China):

(December 31, 2024)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			The highest holdings in the period		Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
The Company	Kimpos&Compal Assets Development	Taipei City	Real estate development leasing and related management business	4,025,000	4,025,000	402,500	70%	3,979,236	402,500	70%	(10,234)	(7,166)	
	Bizcom	Milpitas, USA	Warranty services and marketing of LCD TVs and notebook PCs	36,369	36,369	100	100%	518,820	100	100%	20,256	23,388	
	Just	British Virgin Islands	Investment	1,480,509	1,480,509	48,010	100%	11,332,639	48,010	100%	372,544	372,544	
	CIH	British Virgin Islands	Investment	1,787,680	1,787,680	53,001	100%	50,784,268	53,001	100%	2,602,466	2,602,466	
	Panpal	Taipei City	Investment	5,171,837	5,171,837	500,000	100%	4,738,241 (Note 1)	500,000	100%	(1,031,374)	(1,075,312)	
	Gempal	Taipei City	Investment	900,036	900,036	90,000	100%	1,748,712 (Note 1)	90,000	100%	155,643	133,487	
	Kimpo Group Management	Taipei City	Consultation, training services, etc.	3,000	3,000	300	38%	5,094	300	38%	142	50	
	Ripal	Tainan City	Manufacturing of electric appliance and audiovisual electric products	60,000	60,000	6,000	100%	106,650	6,000	100%	(7,950)	(7,810)	
	Unicore	Taipei City	Management & Consultant, rental and leasing business and wholesale and retail of medical equipments	200,000	200,000	7,000	100%	63,011	20,000	100%	(4,228)	(4,228)	
	Lead-Honor	Taoyuan City	Manufacturing of electric appliance and audiovisual electric products	42,000	42,000	2,772	42%	-	2,772	42%	-	-	
	CEH	British Virgin Islands	Investment	34	34	1	100%	3,863,635	1	100%	-	-	
	Shennona Taiwan	Taipei City	Management & Consultant, rental and leasing business, wholesale and retail sale of precision instruments and international trade	20,000	20,000	2,000	100%	18,364	2,000	100%	1,913	505	
	Allied Circuit	Taoyuan City	Production and sales of PCB boards	395,388	395,388	10,158	20%	408,363	10,158	20%	236,356	47,032	
	Poindus Systems	Taipei City	Design and manufacture of PCs and peripheral equipment	353,046	353,046	11,768	56%	362,952	11,768	56%	60,453	32,990	
	Aco Smartcare	Hsinchu City	Wholesale and retail sale of computer software, software design services, data processing services, wholesale and retail sale of electronic materials, wholesale and retail sale of precision instruments, and biotechnology services	159,083	159,083	330,276	71%	27,733	330,276	71%	(52,386)	(37,438)	
	LIPO	Cayman Islands	Investment	489,450	489,450	98	49%	108,155	98	49%	(354,762)	(173,834)	
	CPE	The Netherlands	Investment	197,463	197,463	6,427	100%	997,949	6,427	100%	38,123	38,123	
	Starmems	Hsinchu County	R&D of MEMS microphone related products	64,650	35,000	6,465	38%	26,905	6,465	38%	(34,278)	(12,692)	
	Crownpo	Taipei City	Manufacturing, processing, and selling resistor chips, networking chips, diodes, multilayer ceramic capacitors, semiconductor devices, and selling electronic products	149,547	149,547	3,739	33%	(3,531)	3,739	33%	(68,766)	(22,853)	
	Hong Ji	Taipei City	Investment	1,000,000	1,000,000	100,000	100%	1,214,108	100,000	100%	114,255	114,215	
	Hong Jin	Taipei City	Investment	295,000	295,000	29,500	100%	397,520	29,500	100%	52,439	52,456	
	Mactech	Taichung City	Manufacturing of equipment and lighting, retailing of equipment and international trading	219,601	219,601	21,756	53%	292,825	21,756	53%	62,443	32,764	
	Auscom	Austin, TX USA	R&D of notebook PC related products and components	101,747	101,747	3,000	100%	168,733	3,000	100%	5,301	4,016	
	Arcadyan	Hsinchu City	R&D, manufacturing and sales of wireless network, integrated household electronics, and mobile office products	1,325,132	1,325,132	41,305	19%	3,067,273	41,305	19%	2,486,429	466,071	
	FGH	British Virgin Islands	Investment	2,754,741	2,754,741	89,755	100%	3,917,484	89,755	100%	(399,136)	(399,136)	
	Shennona	Delaware, USA	Medical care IOT business	48,210	48,210	-	100%	7,546	-	100%	-	(9,580)	
	HSI	British Virgin Islands	Investment	1,346,814	1,346,814	42,700	54%	814,656	42,700	54%	622,522	333,547	
	CEP	Poland	Maintenance and warranty services of notebook PCs	385,553	90,156	136	100%	213,490	136	100%	(28,724)	(62,584)	
	CGSP	Poland	Maintenance and warranty services of notebook PCs	652,669	89,669	-	100%	668,177	-	100%	(1,366)	(838)	
	Raypal	Taipei City	Cancerous immunocyte therapy and regenerative medicine	209,076	209,076	4,646	30%	139,593	4,646	30%	(74,297)	(28,300)	
	ARCE	Taipei City	Biotechnology services, research & development services, intellectual property rights, wholesale of animal medication, retail sale and management advisory	158,160	158,160	44,540	20%	51,928	44,540	20%	(206,620)	(46,765)	
	Hippo Screen	Taipei City	Management & Consultant, rental and leasing business, wholesale and retail sale of precision instruments and international trade	162,000	112,000	9,550	96%	26,464	9,550	96%	(33,260)	(31,085)	
	Infinno	Hsinchu County	Manufacturing of electronic components, wholesale and retail sale of precision instruments and electronic materials	127,026	127,026	4,648	28%	16,056	4,648	28%	(31,725)	(8,794)	
	HengHao	Taipei City	Manufacturing of PCs, computer periphery devices, and electronic components	6,019,757	5,729,757	29,015	100%	(501,582)	29,015	100%	71,274	71,274	

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 8 The information on investees for the year ended December 31, 2024 (excluding information on investees in Mainland China):

(December 31, 2024)

(In Thousands of New Taiwan Dollars/ shares)														
Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			The highest holdings in the period		Net income (losses) of investee	Share of profits/losses of investee	Note	
				December 31, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership				
The Company	BCI	British Virgin Islands	Investment	2,636,051	2,636,051	90,820	100%	10,253,107	90,820	100%	495,917	495,917		
	CBN	Hsinchu County	R&D and sales of cable modem, digital setup box, and other communication products	284,827	284,827	29,060	43%	399,679	29,060	43%	(165,938)	(67,901)		
	Rayonnant Technology	Taipei City	Manufacturing and sales of PCs, computer periphery devices, and electronic components	295,000	295,000	29,500	100%	242,139	29,500	100%	15,847	12,320		
	CRH	British Virgin Islands	Investment	377,328	377,328	12,500	100%	336,356	12,500	100%	8,735	8,735		
	Accendant Private Equity Investment Ltd.	British Virgin Islands	Investment	943,922	943,922	31,253	35%	1,406,230	31,253	35%	(349,967)	(121,606)		
	Etrade	British Virgin Islands	Investment	1,532,029	1,532,029	46,900	65%	(584,053)	46,900	65%	(411,732)	(294,458)		
	Webtek	British Virgin Islands	Investment	3,340	3,340	100	100%	515,286	100	100%	(131,931)	(131,931)		
	Forever	British Virgin Islands	Investment	1,575	1,575	50	100%	1,605,882	50	100%	(39,174)	(39,174)		
	UCGI	Taipei City	Manufacturing and retail sale of computers and electronic components	689,997	689,997	20,000	100%	55,232	20,000	100%	(27,216)	(27,235)		
	Palcom	Taipei City	Selling of mobile phones	100,000	100,000	10,000	100%	106,926	10,000	100%	8,768	8,774		
	Avalue	New Taipei City	Manufacturing, processing, and import and export business of industrial motherboards	547,595	547,595	14,924	21%	831,466	14,924	21%	500,392	102,974		
	CORE	British Virgin Islands	Investment	4,318,860	4,318,860	147,000	100%	9,036,671	147,000	100%	394,640	394,640		
	Compal Ruifang	New Taipei City	Investing and developing businesses, such as public construction and specific zones	300,000	300,000	30,000	100%	301,561	30,000	100%	1,083	1,083		
	GLB	New Taipei City	Manufacturing and wholesale of medical equipment	247,560	247,560	15,035	50%	406,524	15,035	50%	68,636	32,828		
	Compal Healthcare	Taipei City	Information software services, data processing services, and electronic information supply services	20,000	20,000	4,000	100%	27,343	4,000	100%	7,340	7,340		
	River Regeneration and Rejuvenation Biotechnology Co. Ltd.	Taipei City	Regeneration and rejuvenation of stem cell	100,020	-	6,000	31%	78,777	6,000	31%	(91,890)	(21,243)		
	Genki Compal	New Taipei City	Residential elderly care services	21,915	-	-	49%	21,915	-	49%	-	-		
	CMX	Mexico	Production of automotive electronic products	77,997	77,997	-	100%	82,527	-	100%	434	(1,519)		
									<u>114,705,035</u>				<u>2,756,057</u>	
	Panpal	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	279,202	279,202	8,192	4%	653,108	8,192	4%	2,486,429	Investment gain (losses) recognized by Panpal	
Allied Circuit		Taoyuan City	Production and selling of PCB boards	148,263	148,263	2,927	6%	117,673	2,927	6%	236,356	Investment gain (losses) recognized by Panpal		
PT GLB Biotechnology Indonesia		Indonesia	Manufacturing and wholesale of medical equipment	894	894	-	1%	810	-	1%	(3,533)	Investment gain (losses) recognized by Panpal		
Gempal	Others							(1,728,007)						
	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	306,655	306,655	9,279	4%	764,777	9,279	4%	2,486,429	Investment gain (losses) recognized by Gempal		
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	53,645	53,645	3,220	6%	129,441	3,220	6%	236,356	Investment gain (losses) recognized by Gempal		
Hong Ji	Others							89,779			-			
	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	306,655	306,655	9,279	4%	764,777	9,279	4%	2,486,429	Investment gain (losses) recognized by Hong Ji		
Hong Jin	Allied Circuit	Taoyuan City	Production and selling of PCB boards	10,389	10,389	851	2%	29,339	851	2%	236,356	Investment gain (losses) recognized by Hong Ji		
	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	131,942	131,942	4,609	2%	364,883	4,609	2%	2,486,429	Investment gain (losses) recognized by Hong Jin		
Just	CDH (HK)	Hong Kong	Investment	2,042,424	2,042,424	62,298	100%	8,443,116	62,298	100%	254,039	Investment gain (losses) recognized by Just		
	CII	British Virgin Islands	Investment	417,845	417,845	12,745	100%	441,062	12,745	100%	(10,975)	Investment gain (losses) recognized by Just		
	CPI	British Virgin Islands	Investment	16,393	16,393	500	100%	16,078	500	100%	51	Investment gain (losses) recognized by Just		
CII	Smart	British Virgin Islands	Investment	33	33	1	100%	400	1	100%	(3)	Investment gain (losses) recognized by CII		
	MEL	U.S.A	Investment	269,952	269,952	-	100%	226,089	-	100%	2,269	Investment gain (losses) recognized by CII		
	MTL	U.S.A	Investment	33	33	-	100%	33	-	100%	-	Investment gain (losses) recognized by CII		
	CNA	U.S.A	Sales of automotive electronic products	81,963	81,963	2,500	100%	89,554	2,500	100%	7,433	Investment gain (losses) recognized by CII		
	CUS	U.S.A	Sales of automotive electronic products	245,888	80,000	2,500	100%	121,814	2,500	100%	(20,709)	Investment gain (losses) recognized by CII		

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 8 The information on investees for the year ended December 31, 2024 (excluding information on investees in Mainland China):
(December 31, 2024)

(In Thousands of New Taiwan Dollars/ shares)													
Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			The highest holdings in the period		Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
CIH	CIH (HK)	Hong Kong	Investment	2,452,400	2,452,400	74,803	100%	49,787,976	74,803	100%	2,526,998	Investment gain (losses) recognized by CIH	
	Jenpal	British Virgin Islands	Investment	240,970	240,970	7,350	100%	132,491	7,350	100%	6,945	Investment gain (losses) recognized by CIH	
	PFG	British Virgin Islands	Investment	33	33	1	100%	185,099	1	100%	91,747	Investment gain (losses) recognized by CIH	
	FWT	British Virgin Islands	Investment	488,497	488,497	14,900	100%	488,496	14,900	100%	-	Investment gain (losses) recognized by CIH	
	CCM	British Virgin Islands	Investment	167,204	167,204	5,100	51%	5,589	5,100	51%	(1,863)	Investment gain (losses) recognized by CIH	
HSI	IUE	British Virgin Islands	Investment	2,196,595	2,196,595	67,000	100%	1,791,131	67,000	100%	628,968	Investment gain (losses) recognized by HSI	
	Goal	British Virgin Islands	Investment	416,370	416,370	12,700	100%	350,016	12,700	100%	(6,446)	Investment gain (losses) recognized by HSI	
IUE	CVC	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	2,196,595	2,196,595	67,000	100%	1,791,131	67,000	100%	628,968	Investment gain (losses) recognized by IUE	
Goal	CDM	Vietnam	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	416,370	416,370	12,700	100%	305,855	12,700	100%	(6,446)	Investment gain (losses) recognized by Goal	
BCI	CMI	British Virgin Islands	Investment	2,649,684	2,649,684	80,820	100%	6,414,432	80,820	100%	295,814	Investment gain (losses) recognized by BCI	
	PRI	British Virgin Islands	Investment	327,850	327,850	10,000	100%	3,838,675	10,000	100%	200,103	Investment gain (losses) recognized by BCI	
CORE	BSH	British Virgin Islands	Investment	4,819,395	4,819,395	147,000	100%	9,048,618	147,000	100%	394,640	Investment gain (losses) recognized by CORE	
BSH	Mithera	Cayman Islands	Investment	165,564	165,564	-	99%	146,054	-	99%	(149)	Investment gain (losses) recognized by BSH	
	CIN	U.S.A	Manufacturing	266,542	266,542	1	100%	260,057	1	100%	18,003	Investment gain (losses) recognized by BSH	
	HSI	British Virgin Islands	Investment	1,213,045	1,213,045	37,000	46%	1,354,853	37,000	46%	622,522	Investment gain (losses) recognized by BSH	
	HHB	British Virgin Islands	Investment	196,710	196,710	9,000	16%	245,548	9,000	16%	(205,471)	Investment gain (losses) recognized by BSH	
	CEV	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs, mobile phones, tablet PCs, smart watches, communication equipment, and other electronic products	1,967,100	1,770,390	-	100%	2,045,740	-	100%	39,088	Investment gain (losses) recognized by BSH	
Forever	GIA	British Virgin Islands	Selling of mobile phones	-	-	-	100%	-	-	100%	-	Investment gain (losses) recognized by Forever	
	CWV	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	65,570	65,570	-	100%	49,177	-	100%	(52,918)	Investment gain (losses) recognized by Forever	
Webtek	Etrade	British Virgin Islands	Investment	819,625	819,625	25,000	35%	(297,806)	25,000	35%	(411,732)	Investment gain (losses) recognized by Webtek	
Arcadyan	Arcadyan Holding	British Virgin Islands	Investment	1,701,027	1,701,027	47,780	100%	2,466,430	47,480	100%	245,753	Investment gain (losses) recognized by Arcadyan	
	Arcadyan USA	U.S.A	Technology support and sales of wireless network products	23,055	23,055	1	100%	119,035	1	100%	66,287	Investment gain (losses) recognized by Arcadyan	
	Arcadyan Germany	Germany	Technology support and sales of wireless network products	1,125	1,125	1	100%	102,893	1	100%	3,456	Investment gain (losses) recognized by Arcadyan	
	Arcadyan Korea	Korea	Sales of wireless network products	2,879	2,879	20	100%	36,252	20	100%	3,466	Investment gain (losses) recognized by Arcadyan	
	Zhi-Bao	Hsinchu City	Investment	48,000	48,000	34,980	100%	313,026	34,980	100%	(30,053)	Investment gain (losses) recognized by Arcadyan	
	TTI	Taipei City	R&D and sales of household digital products	308,726	308,726	25,028	61%	143,702	25,028	61%	(17,744)	Investment gain (losses) recognized by Arcadyan	
	Arcadyan UK	UK	Technical support of wireless network products	1,988	1,988	50	100%	6,305	50	100%	424	Investment gain (losses) recognized by Arcadyan	
	Arcadyan AU	Australia	Sales of wireless network products	1,161	1,161	50	100%	84,413	50	100%	12,561	Investment gain (losses) recognized by Arcadyan	
	Arcadyan RU	Russia	Sales of wireless network products	7,672	7,672	-	100%	849	-	100%	(2,284)	Investment gain (losses) recognized by Arcadyan	
	Arcadyan Turkey	Turkey	Sales of wireless network products	61,268	-	6,200	100%	59,998	6,200	100%	2,607	Investment gain (losses) recognized by Arcadyan	(Note 3)
Arcadyan and Zhi-Bao	Arcadyan Brasil	Brazil	Sales of wireless network products	81,593	81,593	968	100%	(52,452)	968	100%	(16,388)	Investment gain (losses) recognized by Arcadyan and Zhi-Bao	
	Arcadyan India	India	Sales of wireless network products	76,952	76,952	19,800	100%	(53,810)	19,800	100%	(105,542)	Investment gain (losses) recognized by Arcadyan and Zhi-Bao	
	CBN	Hsinchu County	Sales of communication and electronic components	48,197	48,197	13,673	20%	200,175	13,673	20%	(165,938)	Investment gain (losses) recognized by Arcadyan and Zhi-Bao	
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment	950,661	950,661	29,050	100%	1,988,338	29,050	100%	298,064	Investment gain (losses) recognized by Arcadyan Holding	
	Arch Holding	British Virgin Islands	Investment	360,335	360,335	35	100%	602,991	35	100%	144,311	Investment gain (losses) recognized by Arcadyan Holding	
TTI	Quest	Samoa	Investment	39,270	39,270	1,200	100%	9,108	1,200	100%	(1,586)	Investment gain (losses) recognized by TTI	
	TTJC	Japan	Sales of household digital electronic products	-	9,626	-	-%	-	0.7	100%	(503)	Investment gain (losses) recognized by TTI	(Note 5)

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Notes to Parent-Company-Only Financial Statements

Table 8 The information on investees for the year ended December 31, 2024 (excluding information on investees in Mainland China):

(December 31, 2024)

(In Thousands of New Taiwan Dollars/ shares)													
Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			The highest holdings in the period		Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
Quest	Exquisite	Samoa	Investment	38,288	38,288	1,170	100%	8,181	1,170	100%	(1,606)	Investment gain (losses) recognized by Quest	
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless network products	949,025	949,025	-	100%	1,983,397	-	100%	298,064	Investment gain (losses) recognized by Sinoprime	
Rayonnant Technology	APH	British Virgin Islands	Investment	257,454	257,454	8,651	41%	312,318	8,651	41%	22,975	Investment gain (losses) recognized by Rayonnant Technology	
	Forming Co., Ltd.	Taoyuan City	R&D and manufacturing of electronic materials	27,300	27,300	1,820	21%	-	1,820	21%	-	Investment gain (losses) recognized by Rayonnant Technology	
CRH	APH	British Virgin Islands	Investment	409,813	409,813	12,500	59%	336,356	12,500	59%	22,975	Investment gain (losses) recognized by CRH	
APH	PEL	British Virgin Islands	Investment	103,306	103,306	3,151	100%	50,506	3,151	100%	1,822	Investment gain (losses) recognized by APH	
	Rayonnant (HK)	Hong Kong	Investment	590,130	590,130	18,000	100%	503,499	18,000	100%	21,153	Investment gain (losses) recognized by APH	
HHT	HHA	British Virgin Islands	Investment	1,429,235	1,429,235	46,882	100%	(1,573,769)	46,882	100%	(172,370)	Investment gain (losses) recognized by HHT	
HHA	HHB	British Virgin Islands	Investment	1,537,027	1,537,027	46,882	84%	(1,342,539)	46,882	84%	(205,471)	Investment gain (losses) recognized by HHA	
CBN	CBNB	Belgium	The import and export business of broad band network products and related components, as well as technical support and advisory services	6,842	6,842	20	100%	4,979	20	100%	(289)	Investment gain (losses) recognized by CBN	
	CBNN	Netherlands	The import and export business of broad band network products and related components, as well as technical support and advisory services	7,016	7,016	20	100%	6,251	20	100%	(16)	Investment gain (losses) recognized by CBN	
	Starmems	Taiwan	R&D of MEMS microphone related products	16,300	10,000	1,630	10%	6,784	1,630	10%	(34,278)	Investment gain (losses) recognized by CBN	
FGH	Wah Yuen Technology Holding Ltd. and its subsidiaries	Mauritius	Investment	2,942,634	2,942,634	95,862	37%	3,991,708	95,862	37%	(1,091,457)	Investment gain (losses) recognized by FGH	
GLB	PT GLB Biotechnology Indonesia	Indonesia	Manufacturing and wholesale of medical equipment	88,506	88,506	42	99%	83,340	42	99%	(3,533)	Investment gain (losses) recognized by GLB	
Mactech	Taiwan Intelligent Robotics Company, Ltd.	Taipei City	Manufacturing of equipment and lighting	43,200	43,200	2,160	15%	3,425	2,160	15%	(2,944)	Investment gain (losses) recognized by Mactech	
Poindus Systems	Poindus Investment	Taipei City	Investment holding	4,100	4,100	(Note 2)	100%	416	(Note 2)	100%	42	Investment gain (losses) recognized by Poindus Systems	
	Poindus UK	UK	Sales of PCs and peripherals	14,297	14,297	300	100%	(9,539)	300	100%	(3,650)	Investment gain (losses) recognized by Poindus Systems	
	Adasys	Germany	Sales of PCs and peripherals	57,712	57,712	0.002	100%	7,774	0.002	100%	620	Investment gain (losses) recognized by Poindus Systems	
	Varlink	UK	Sales of PCs and peripherals	61,590	-	140	100%	41,184	140	100%	(1,584)	Investment gain (losses) recognized by Poindus Systems	
Varlink	EPOS	UK	Sales of PCs and peripherals	-	-	0.001	100%	-	0.001	100%	-	Investment gain (losses) recognized by Varlink	
Poindus Investment	Poindus GmbH	Germany	Sales of PCs and peripherals	-	1,721	-	-%	-	(Note 2)	100%	(66)	Investment gain (losses) recognized by Poindus Investment	(Note 4)

Note 1: The carrying value had been deducted \$559,812 and \$321,435 of the Company's stock held by Panpal and Gempal, respectively.

Note 2: A limited company, therefore no number of shares.

Note 3: Arcadyan Turkey was established on May 2, 2024.

Note 4: Poindus GmbH completed its liquidation registration on September 17, 2024.

Note 5: TTJC completed its liquidation registration on November 30, 2024.

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 9 Information on investment in Mainland China:
(December 31, 2024)

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars / shares)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
CPC	Manufacturing and sales of monitors	1,213,045	(Note 1)	1,213,045	-	-	1,213,045	151,857	100%	151,857	2,887,180	-
CDT	Manufacturing and sales of notebook PCs, mobile phones, and Digital products	655,700	(Note 2)	655,700	-	-	655,700	33,543	100%	33,543	182,259	-
CET	Manufacturing of notebook PCs	393,420	(Note 2)	393,420	-	-	393,420	17,867	100%	17,867	5,414,394	-
CSD	Research, manufacture and sales of communication devices, mobile phones, electronic computer, smart watch, and provide related technology service	269,337	(Note 2)	(Note 3)	-	-	-	207,527	100%	207,527	736,522	-
FIP	Manufacturing of auto parts and accessories	404,005	(Note 2)	(Note 3)	-	-	-	2,668	60%	1,601	270,064	-
BT	Manufacturing of notebook PCs	32,785	(Note 2)	32,785	-	-	32,785	(19,015)	100%	(19,015)	(124,757)	-
CGS	Maintenance and warranty service of notebook PCs	8,978	(Note 2)	(Note 3)	-	-	-	(4,485)	100%	(4,485)	(19,360)	-
LIZ Electronics (Kunshan) Co., Ltd.	Production and processing chip resistors, ceramic capacitors, diodes, and other latest electronic components and related precision electronic equipment; selling self-produced products	1,049,120	(Note 1)	437,024	-	-	437,024	(279,024)	43%	(120,483)	66	-
LIZ Electronics (Nantong) Co., Ltd.	Research & development, and manufacturing chip components (chip resistors, ceramic chip diode; selling self-produced products and providing after-sales service. Performing wholesale and trading business of electronic components, semiconductors, special materials for electronic components, and spare parts	2,065,534	(Note 1&3)	48,194	-	-	48,194	(450,152)	44%	(197,617)	273,296	-
CIC	Manufacturing of notebook PCs	393,420	(Note 2)	393,420	-	-	393,420	474,822	100%	474,822	12,155,670	-
CPO	Manufacturing and sales of LCD TVs	396,699	(Note 1)	396,699	-	-	396,699	137,521	100%	137,521	3,365,608	-
CIT	Manufacturing of notebook PCs	786,840	(Note 2)	786,840	-	-	786,840	2,025,740	100%	2,025,740	31,501,577	-
CST	International trade and distribution of computers and electronic components	45,899	(Note 2)	45,899	-	-	45,899	(1,147)	100%	(1,147)	46,216	-
Sheng Bao Precision Electronics (Taicang) Co., Ltd.	Research & development, and manufacturing latest electronic components, precision cavity mold, design and manufacturing for standard parts for molds, and selling self-produced products	-	(Note 2)	167,204	-	-	167,204	(12,603)	-%	(6,428)	-	-
CIJ	Investment and consulting services	511,446	(Note 2)	511,446	-	-	511,446	(24,481)	100%	(24,481)	2,699,634	-
CDE	Manufacturing and sales of LCD TVs	491,775	(Note 2)	(Note 3)	-	-	-	(24,096)	100%	(24,096)	2,662,708	-
CIS	Outward investment and consulting services	2,649,684	(Note 1)	2,649,684	-	-	2,649,684	295,814	100%	295,814	6,414,432	-
CEC	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	2,622,800	(Note 2)	(Note 3)	-	-	-	295,325	100%	295,325	6,380,081	-
CMC	Corporate management consulting, financial and tax consulting, investment consulting, and investment management consulting services	26,228	(Note 2)	(Note 3)	-	-	-	559	100%	559	27,573	-
CEQ	R&D, manufacturing and sales of notebook PCs and related components. Also provides related maintenance and warranty services	327,850	(Note 1)	327,850	-	-	327,850	200,103	100%	200,103	3,838,675	-
Compal Precision Module (Jiangsu) Co., Ltd.	Manufacturing and selling of magnesium alloy injection molding	13,769,700	(Note 2)	2,708,926	-	-	2,708,926	(468,800)	37%	(171,674)	5,255,547	-
Changbao Electronic Technology (Chongqing) Co., Ltd.	Production and marketing of magnesium alloy molding	1,967,100	(Note 2)	375,585	-	-	375,585	(278,338)	37%	(101,927)	551,268	-

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 9 Information on investment in Mainland China:
(December 31, 2024)

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars / shares)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Rayonnant (Taicang)	Manufacturing and sales of aluminum alloy and magnesium alloy products	590,130	(Note 2)	409,813	-	-	409,813	22,956	100%	21,153	504,139	-
CCI Nanjing	Manufacturing and processing of mobile phones and tablet PCs	885,195	(Note 1)	721,270	-	-	721,270	(84,648)	100%	(84,648)	(1,480,308)	-
CDCN	Manufacturing and processing of mobile phones and tablet PCs	190,153	(Note 1)	190,153	-	-	190,153	(16,596)	100%	(16,596)	70,357	-
CWCN	Manufacturing and processing of mobile phones and tablet PCs	1,606,465	(Note 1)	622,915	-	-	622,915	(327,966)	100%	(327,966)	453,285	-
Hanhelt	R&D and manufacturing of electronic communication equipment	65,570	(Note 1)	65,570	-	-	65,570	-	100%	-	2,557	-
Arcadyan												
SVA Arcadyan	R&D and sales of wireless network products	265,073	(Note 1)	439,170	-	-	439,170	7,322	100%	7,322	49,938	-
				(Note 7)								
CNC	Manufacturing and wireless network products	407,426	(Note 1)	360,335	-	-	360,335	144,311	100%	144,311	810,795	-
				(Note 8)								
THAC	Manufacturing of household electronics products	396,136	(Note 1 & 9&10)	37,634	-	-	37,634	(4,881)	100%	(4,881)	23,104	-
HengHao												
HengHao Kunshan	Production of touch panels and related components	-	(Note 1)	1,304,941	-	-	1,304,941	-	-%	-	-	-
											(Note 15)	
HengHao Zhejiang	Production of touch panels and related components	1,606,465	(Note 2)	(Note 3)	-	-	-	(204,702)	100%	(204,702)	(1,493,455)	-
Lucom	Manufacturing of notebook PCs and related modules	-	(Note 2)	213,070	-	-	213,070	(3,026)	-%	(3,026)	-	-
				(Note 12)							(Note 14)	
Poindus Systems												
Qijie	Sales of PCs and peripherals	32,785	(Note 1)	32,785	-	-	32,785	(1,048)	100%	(1,048)	8,870	-

(ii) Limitation on investment in Mainland China:

(In Thousands of USD)

Names of Company	Accumulated Investment in Mainland China as of September 30, 2024	Investment Amounts Authorized by Investment Commission of Ministry of Economic Affairs	Limitation on investment in Mainland China by Investment Commission of Ministry of Economic Affairs
The Company	17,787,076 (US\$542,537) (Note 5)	25,870,676 (US\$789,101)	(Note 6)
Arcadyan	837,138 (US\$25,581)	1,123,646 (US\$34,336)	9,560,981
HengHao	1,536,699 (US\$46,872)	1,536,699 (US\$46,872)	(Note 13)
Poindus Systems	32,785 (US\$1,000)	32,785 (US\$1,000)	348,926

Note 1 : Indirectly investment in Mainland China through companies registered in the third region.

Note 2 : Indirectly investment in Mainland China through an existing company registered in the third region.

Note 3 : Investees held by Kunshan Botai Electronics Co., Ltd. ("BT"), Compal Investment (Jiansu) Co., Ltd. ("CIU"), Compal Electronic (Sichuan) Co., Ltd. ("CIS"), Compal Electronics (China) Co., Ltd. ("CPC") and Compal Smart Device (Chongqing) Co., Ltd. ("CSD") through their own funds.

Note 4 : The basis for recognition of investment profit and loss is based on the financial statements that verified by CPA.

Note 5 : Including the investment amount of sold or dissolved companies, including Beijing Compower Xuntong Electronic Technology Co., Ltd., VAP Optoelectronics (Nanjing) Corp., Flextronics Technology (Shanghai) Ltd., Lucom, LCFC (HeFei) Electronics Technology Co., Ltd. and the increased investment amount from merging with Compal Communication Co., Ltd.

Note 6 : As the Company has obtained the certificate of being qualified for operating headquarters, issued by Industrial Development Bureau, MOEA, the upper limit on investment in mainland China is not applicable.

Note 7 : Arcadyan paid US\$18,420 thousand and acquired 100% shares of SVA Arcadyan from Aceton Asia through Arcadyan Holding in 2010.

Note 8 : Arcadyan paid US\$8,561 thousand and acquired 100% shares of CNC from Just through Arcadyan Holding in 2007.

Note 9 : Arcadyan's subsidiary, TTI, obtained the control over THAC with US\$1,150 thousand on February 28, 2013 (the date of stock transferring).

Note 10 : Arcadyan's subsidiary, TTI, increase the capital of THAC by accounts receivable of TTI amounting to US\$8,755 thousands on August 16, 2023.

Note 11 : The amounts in New Taiwan Dollars were translated at the exchange rates at the balance sheet date or the average exchange rate.

Note 12 : The Company had an accumulated investment amounting to US\$7,350 thousand in the previous years. In the first half of 2014, HengHao paid the Company and LG US\$3,184 thousand and US\$3,315 thousand, respectively, for organization restructure, to obtain 100% ownership of Lucom.

Note 13 : The net equity of HengHao is negative at December 31, 2024.

Note 14 : Lucom completed its liquidation registration in May 2024.

Note 15 : HengHao Kunshan merged with HengHao Zhejiang through an absorption merger in November 2024, with HengHao Zhejiang being the sole surviving company.

Note 16 : Sheng Bao Precision Electronics (Taicang) Co., Ltd. completed its liquidation registration in December 2024.

(iii) Significant transactions:

For the year ended December 31, 2024, the significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".